

Murdoch's new offer to staff

Mr Rupert Murdoch, proprietor of *The Times* and *The Sunday Times*, has said that dismissals issued to 210 clerical staff would be withdrawn if enough volunteers for redundancy can be found to replace them. Agreement has also been reached with several groups on more than 100 voluntary redundancies. Asked whether the newsmen would continue to publish, Mr Murdoch said: "I reserve judgment." Page 2

Exclusive

Henry Kissinger



How to deal with the Soviet Union

Was détente a failure? Did it increase the West's love of Soviet adventurism? Henry Kissinger, former American Secretary of State, assesses his experiences and discusses the Soviet challenge

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No pay offer for nurses

Leaders of Britain's nurses, who want a 12 per cent pay rise, were "appalled" yesterday to get no firm offer when the claim was discussed at a meeting of the Whitley Council. The offer is likely to have to wait until next month

Ski trip firm ceases trading

Erna Low, the travel company which pioneered family skiing holidays after the second world war, ceased trading yesterday and went into voluntary liquidation after the Civil Aviation Authority refused it an operating licence. The CAA said it was "no longer satisfied as the company's financial arrangements"

Concern over terror school

Mrs Thatcher said yesterday she was very concerned at events at St Saviour's primary school, Toxteth, where pupils terrorized and vandalized the school. The school's headmaster is seeking early retirement, and teachers' leaders said many local teachers were cracking under the strain

Page 2

NatWest reports record profit

National Westminster Bank reported record profits of £494m for 1981, only days after Lloyds Bank also returned a record. NatWest's profits rose £84m over the previous year

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Inquiry call over Amersham

Mr Merlyn Rees, the Labour Party's energy spokesman, has asked the Commons Public Accounts Committee to investigate the sale by the Government of shares in Amersham International.

Bombs explode

Two car bombs have killed 12 people in a crowded Beirut street market. The first explosion destroyed half a dozen stalls. Blood lay splashed on the pavement for hours.

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England win 4-0

England beat Northern Ireland, the champions, 4-0 in the first of the home international matches. Keegan, Robson, Wilkins and Hoddle scored the goals at Wembley

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Leader page 11
Letters: On the Community market, from Mr Richard Cotterell, MPP; TV by satellite, from Lord Aylesford; girl offenders, from Mrs A. Weitzman and others

Leading articles: Poland: Health charges for overseas visitors; East Timor features, pages 8, 10
Critic in Glasgow; the new Oxford snobbery; love, work and Helen Gurley Brown Obituary, page 12
Professor Alec Rodger Special report, pages 13-17
A five-page report on Portugal, Western Europe's least developed nation, as it tries to come to terms with joining the EEC

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Warning from Mrs Thatcher

Budget hopes dampened by oil price decline

By Julian Haviland and Philip Webster

Expectations of tax reductions in next month's Budget were being raised too high, the Prime Minister said last night. She said that the recent reduction in the price of oil, by cutting revenue, diminished the Chancellor of the Exchequer's limited room for manoeuvre.

Speaking at the annual dinner of the Engineering Employers Federation, Mrs Margaret Thatcher said that the Government's purpose was to tend and nurture the first fruits of recovery.

"We have within our reach a new and lasting prosperity; more stable prices; a long overdue recovery in profits and investment; a revival of enterprise, followed by the new jobs we all so much want to see."

She said that one of the government's main achievements was that management had regained its proper authority and responsibility.

"We have created the conditions within which management can manage. That is why we acted to cut away the controls on wages and prices, to reduce the top rates of tax and to remove exchange controls so that British firms could take their proper place in a world of multinational investments."

She said that the engineering industry had shown how, throughout the private sector, the fatal obsession with keeping up with the pay of the Joneses was making way for recognition of the need to catch up with the performance of the Siemens and the Mitsubishi.

There was no substitute for the spur of competition if Britain's performance was to be improved.

Mrs Thatcher reiterated her belief that new jobs would be provided with the introduction of new technology and more effective working habits.

The age of the computer had been greeted with apprehension but enabled people to do things which would have been impossible during a recession, and the rise in the unit cost of labour in British manufacturing had been transformed from one of the fastest in the world to one of the most modest.

"We are becoming much less strike-prone with one or two notable exceptions in the public sector. In 1981 industrial stoppages were the lowest for four decades. We are becoming much more aggressive in selling overseas, in 1981 our current account surplus will almost certainly be the highest on record, and our exports have performed well."

Finally, and most important, we have much lower expectations about inflation. People were beginning to understand that the Government was going to get it down well into single figures, and it must keep it there. The Wholesale Price

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NEWS IN
SUMMARYBistro ban
on young
jobless

By Anthony Eving, Political Correspondent

The leader of a city council is asking a restaurant to apologize to nine unemployed teenagers who were turned away without explanation when they tried to get a meal.

The group from Sheffield was barred from Thomas's bistro, in York, while on a council-sponsored outing. Mr David Blankett, leader of Sheffield council, said: "We arrange stimulating and interesting activities and the visit to York was one such trip.

"The kids were a mixture of black and white and from working-class areas. They were hungry and wanted a meal but were flatly refused entry. It is not as though they were already in the restaurant or were causing a nuisance, they were not even allowed in."

A spokesman for the owners of the bistro, John Smith Brewery in Tadcaster, said the manager thought the party was under age. Even if the youngsters only wanted to eat, the manager had the right to exclude whom he liked, he said.

Solicitor killed
woman he loved

A prosecuting solicitor for the West Yorkshire police drank himself to death after an argument during which he killed the woman he wished to marry, with a cutting knife, an hour after his wedding at Windsor, Berkshire.

Mr Robert Wilson, the coroner, recorded that Miss Judith Goldthorpe, aged 33, a British Airways hostess, who lived in Sunninghill, Berkshire, was unlawfully killed and that Mr David Marshall, aged 33, of Stocksbridge, Sheffield, took his own life. The inquest was told Miss Goldthorpe was pregnant when she died.

Accused man
took own life

Mr Kenneth Crossley, whose body was found in his exhaust-filled car at Bagbury Rings, in Dorset, last Wednesday, had been due to appear at Maidstone Crown Court later that day charged with demanding £350,000 with menaces from Safeways Foodstores.

An inquest at Poole, Dorset, yesterday at which the coroner recorded a verdict that Mr Crossley, aged 56, of Julian's Road, Wimborne, took his own life in a bout of severe depression, was told that Safeways received a blackmail demand after they were told that jars of parsnip weedkiller had been placed on their shelves.

'No panic' for
wave power

Scientists working to produce electricity from wave power want to continue their experiments in tanks rather than be rushed into full-scale tests at sea.

In a memorandum to the Select Committee on Energy, which met in Edinburgh yesterday, they said there was now no over-capacity of electricity production and renewable energy schemes did not have to be developed "in a panic".

BA strike spreads

The strike by 2,000 British Airways ramp workers at Heathrow airport, London, spread to Edinburgh airport last night when workers walked out in support. The British Airport Authority said other BA workers had stopped in to do their jobs and there were no delays or cancellations.

£200m defence
contracts
axed since 1974

By Anthony Eving, Political Correspondent

The Ministry of Defence has cancelled contracts worth £200m since 1974, it has been disclosed in a Whitehall note sent to the Commons Select Committee on Defence.

The note states that "from ministry records readily available" cancellation compensation paid out on 17 big defence contracts valued at about £400m amounted to £30m.

It adds: "There are, in addition, 12 major contracts with a total estimated value of some £150m which have been terminated but where settlements are still being negotiated, and it is not, therefore, possible to say what the total cancellation cost will be."

A ministry spokesman said last night that publicity had been given to only three of the cancelled 29 projects: the MRT 80, a battle tank, in 1980; the Skyflash Missile Mark Two, in 1981, and the Hawkwing, a wire-guided anti-tank missile for use from helicopters, in 1975.

When pressed for further details of cancellations, the department produced three further projects: GWS 25, the heavyweight Sea Wolf radar; the GWS 20, the Sea Dart radar; and Star radar, a naval system. Those three cancellations were undated.

It was suggested that there might be grounds of commercial confidentiality for not naming the projects, but it was agreed later that further projects might be identified if security clearance was available.

The ministry note to the select committee shows that all defence contracts except those worth less than £50,000 of the 29, some nine months duration, include a condition that gives the ministry "the right to bring the whole contract to a premature end", for example, when a project is cancelled because of a change in requirements.

This condition "specifies the period of notice and states the general terms for settling of any claim arising from the termination".

Terms include ministry purchase of unused material which the contractor does not want to keep, payments made to subcontractors, severance payments for workers who are number eight.

'NO MENTION
OF CASH
TO CHARITY'From Our Correspondent
Dublin

J. P. R. Williams, Wales's most capped rugby player, told a High Court libel jury yesterday that he regretted his handling of the "shamateur" affair which once threatened his career.

Under cross-examination by defence counsel in his libel action against *The Daily Telegraph*, Mr Williams said he did not make it clear from the beginning of the affair that money from his best-selling autobiography would go to charity.

Mr Williams, aged 32, of Llanfannor, South Glamorgan, in claiming damages against the newspaper, Mr William Deedes, its editor, and Mr John Reason, its former rugby correspondent, over articles in February and March, 1979, which alleged that he had infringed his amateur status by accepting money for the book. Libel is denied.

Mr Richard Hardwick, QC, for Mr Williams, had told Mr Justice Russell and the jury that the allegations could have driven the full back and former Welsh captain out of the Welsh Rugby Union investigation. He is the finance spokesman.

The hearing continues today.

Murdoch makes new offer to
staff over redundancies

By Donald Macintyre, Labour Correspondent

Mr Rupert Murdoch, proprietor of *The Times* and *The Sunday Times*, last night promised that dismissal notices issued yesterday to 210 clerical staff would be withdrawn if enough volunteers for redundancy came forward to replace them.

In a move designed to appeal directly to clerical employees over the heads of local union officials, the management of *Times Newspapers* Ltd temporarily reopened for clerical departments, the voluntary redundancy offer which lapsed last Thursday.

Mr Murdoch also announced last night that agreements covering voluntary redundancies of more than a hundred employees had been concluded with chapels in several unions.

The 210 clerical employees, all members of the National Society of Operative Printers, Graphical and Media Personnel, are due to receive their notices by post this morning in accordance with the decision made by the management on Monday after the breakdown of talks aimed at reaching an agreement on voluntary cuts of 500 full-time jobs and 900 staff a week.

Announcing that the voluntary scheme was being restored for a "short period", Mr Murdoch made clear that the mandatory notices remained in force but added: "If the necessary volunteers come forward to replace the people to whom we are giving notice, these notices will be withdrawn and the people concerned will be replaced by volunteers". The notice distributed at offices of both newspapers

made redundant as a result of termination of the contract, tooling and other overhead costs directly attributable to the contract.

The note states that "from ministry records readily available" cancellation compensation paid out on 17 big defence contracts valued at about £400m amounted to £30m.

It adds: "There are, in addition, 12 major contracts with a total estimated value of some £150m which have been terminated but where settlements are still being negotiated, and it is not, therefore, possible to say what the total cancellation cost will be."

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HAUGHEY
FACES
REVOLTFrom Our Correspondent
Dublin

Plans to supplant Mr Charles Haughey as leader of Fianna Fail, the Irish opposition party, are to surface at a meeting of the parliamentary party tomorrow. Dissatisfied party members are expected to meet in Dublin tonight.

A large number of Deputies, probably a majority, believe that the poor showing of the party in last week's general election was a result of popular disenchantment with Mr Haughey.

In opinion polls on the day leading up to polling Mr Haughey trailed in popularity by 20 percentage points behind Dr Garret Fitzgerald, the Fine Gael leader, despite an overall Fianna Fail lead.

The dissident group within the party is prompting Mr Des O'Malley, a Limerick deputy and former Minister for Trade and Industry, to form another political party.

The notice, copies of which were signed by Mr Gerald Long, TNL Managing Director, said that the management remained ready to discuss compensation terms for a voluntary scheme.

The notice also said, in a passage strongly contested last night by Natsopa chapel officials, that many clerical employees had been "actively discouraged" from applying for voluntary redundancy.

Frustrated at
every turn'

The notice went on to say that it "is false to say that anyone who applies for redundancy risks losing their union membership". That point was taken up yesterday by Mr Murdoch, who said that the union nationally, as distinct from chapels, has made it very clear that nobody who goes out in this scheme will not have their union card cancelled.

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Petronia Lashly, Lillian McGinn and Cathryn Lawton, all parents of St Saviour pupils and (right) Mr Michael Storey, chairman of the education committee.

Terror school headmaster 'shattered'

By Nicholas Timmins

The headmaster of the Liverpool school which was terrorized and vandalized by pupils aged nine to 16 was described yesterday as a "shattered man".

Mr Michael Strey, chairman of Liverpool Education Committee, said: "Mr Colin McLoughlin, the head of St Saviour's Church of England primary school in Toxteth, was asked for sick leave and early retirement in July from the school, where pupils burnt books, smashed windows, terrorized younger pupils and daubed teachers' cars with caustic paint."

Mr Strey's announcement came as Mrs Margaret Thatcher said she was "very concerned" about events at the school, and as a teacher's union leader gave a warning that many teachers in Toxteth, scene of one of last year's riots, were cracking under the strain.

In Toxteth teachers are screaming for help", he said. "Many of them seem to be very near nervous breakdown. In some schools we have up to 25 per cent of the staff off ill. Most teachers do not last longer than two years after they retire, because of high blood pressure, but now some do even reach retirement age."

Mr Strey promised more staff for the school when it reopens on Monday after an

age of three, until last year, when "nasty things" started to happen.

Another parent said her son aged 10 had stolen £10 from his father to pay protection money, and the caretaker of the school, Mr Cyril Kami, aged 23, said he believed that teachers were fortunate to leave after school-hours.

Local authorities, the Schools Inspectorate and teacher unions were united yesterday in believing that they had never come across anything resembling the breakdown at St Saviour's (Our Education Correspondent writes).

No one could remember a school having to close because of disruptive action by pupils, except in cases of arson. School violence, however, appears to have levelled off since the early 1970s.

The inspectorate, in their survey two years ago of secondary schools, found that the very great majority were orderly, hardworking, and free from any serious troubles.

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PARLIAMENT February 23 1982

Frigate ordered: Nott defends carriers sale

DEFENCE

An order had been placed today with Yarrow Shipbuilders for the eighth Broadsword class frigate at a total estimated cost £120m. Mr John Nott, Secretary of State for Defence, announced during Question Time that each of the Commons when he defended his decision to sell the carrier HMS Invincible to Australia.

He explained that Britain could not afford to deploy the air defence and anti-submarine escort that would be necessary to protect carriers. It is better (he said) that we keep two in service rather than three and spend the rest of the money on the frigate force.

Mr Nott explained that including the new frigate order, he would have placed orders for warships with British Shipbuilders in the current financial year to a total value of £500m.

Rounding on his backbenchers he added: Can we please have from some Conservative MP's a little less about a shortage of warship building orders.

Asked for a statement on the role of carriers in the fleet, Mr Nott said: The primary role of our carriers would be to conduct anti-submarine operations in the Eastern Atlantic. In the next few years we intend to make particular use of our carriers in deployment outside the North Sea.

Mr Michael Brotherton (Leeds, C): In the light of that reply, would he agree that the buying into construction of HMS Illustrious and Ark Royal will make a significant contribution to the fleet? Bearing in mind the role played by HMS Invincible in the Autumnal exercise by HMS to dispose of Invincible now would be in the area of full detrimental to the national interest. (Some Conservative cheers)

Mr Nott: To bring him up to date, our discussions with the Australians have envisaged a hand-over of Invincible towards the end of 1983 when Illustrious will be operational. We also intend to run on Heretics until Ark Royal joins the fleet in 1985.

We expect a decision by the Australians by the end of the month. If they prefer a later date in 1985 when Ark Royal is in service, we will naturally consider the matter. I would like to draw the attention of the carrier, but it is more than we would expect in answer to a question.

Mr Patrick Duffy (Sheffield, Attercliffe, Lab): Given the critical importance in Scotland of carriers and the independence of anti-submarine warfare operations on the surface as well as below and in the air, is he satisfied with the present complement of carriers of no more than three and perhaps only two?

Mr Nott: The carriers make heavy demands. We said in the Defence White Paper that just that we envisaged two carriers in service. If we had to retain a third carrier, she would go into reserve.

It is better to try to obtain £175m, which is what would go into the naval programme if we

sold Invincible to the Australians, rather than have a carrier in reserve. Carriers make heavy demands on supporting anti-submarine and anti-defence escorts.

He was answering Mr Dennis Davies, an Opposition spokesman on defence (Llanelli, Lab) who had accused him of prevaricating on chemical weapons.

Mr Winston Churchill (Streetford, C): The original conception of the Invincible class of anti-submarine warfare was that there would be three and that two would be on station at any given time and one in the dockyard.

If he goes ahead with his proposal to sell Invincible to the Royal Australian Navy, this will effectively reduce the numbers of valuable anti-submarine warfare vessels on station at any given moment. Many MP's are strongly opposed to his proposed action.

Mr Nott: No, I cannot confirm that I have any plans to sell it in service. In the White Paper it was clearly stated that there would be two in service. It is a question of how we can best dispose of our naval resources in the Eastern Atlantic.

The United States has an aircraft carrier and is the third most powerful in the world — and we cannot afford to deploy the air defence and anti-submarine escorts that would be necessary to protect the carriers. It is necessary that we keep two in service rather than three and spend the rest of the money on the frigate force.

Mr Hilary Miller (Bromsgrove and Redditch, C): How is this country to sustain its role in the Eastern Atlantic in anti-submarine operations?

Would he take an early opportunity, outside this House, to explain his concept of anti-submarine warfare and how we are to meet our responsibilities in the light of the planned disposal of Invincible and the reduction in the number of the frigate fleet of the hunter killer submarine?

Mr Nott: He was placed in a position where he was asked to answer a question on the cost of the new carrier. He is asked to explain his concept of anti-submarine warfare and how we are to meet our responsibilities in the light of the planned disposal of Invincible and the reduction in the number of the frigate fleet of the hunter killer submarine?

This will enable us (he said) to take advantage of the reduced price offered at the end of the negotiations. — (Laughter)

Would he take an early opportunity, outside this House, to explain his concept of anti-submarine warfare and how we are to meet our responsibilities in the light of the planned disposal of Invincible and the reduction in the number of the frigate fleet of the hunter killer submarine?

Mr Nott: When we came to office Labour was spending £2,500m in real terms on defence equipment. This year we are spending £5,500m in real terms on this. Even though his policy is to reduce defence spending.

Assuming we come to a decision in favour of Trident, to confirm it, and go for the larger missile, there will still be a substantial real increase in our spending on conventional forces in accordance with our announced policy on a 3 per cent increase in defence spending up to 1985-86.

Mr Richard Douglas (Dundee, Lab): What are the overriding strategic requirements for taking a decision on Trident now?

Mr Nott: Eight successive governments of all political parties have believed in the need for a strategic independent deterrent. There is nothing new about deciding to modernise that deterrent. The previous Labour Government decided to modernise the deterrent secretly; we are doing so openly.

Mr Robert Brown (Newcastle, Tyne and Wear, Lab): Will he confirm that Trident will be in service by the end of 1988, when the Tornado programme will have run down? The Tornado is costing us £1,250m: far more than Trident will ever cost.

Trident will be costing us less than any other major defence capability of the country in capital terms and in running terms. We are spending £2,000m on Tornados in the next

12 months. The Trident programme has hardly cost anything up to now. The peak expenditure, if we decide to go for Trident, will be in the late 1980s, when the Tornado programme will have run down. The Tornado is costing us £1,250m: far more than Trident will ever cost.

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Stewart Tendler reveals how a cool con-man made a little money go a long way



The "cross-fire" cheque artist: Siegmund Sperber — charm, skill and panache, and the alias Georg Pratten.



His country house: Little Stream, Virginia Water — antiques, 102 expensive suits, a Mercedes, a Rolls-Royce and a Jaguar, and gold decor dominant. Guests were rare.



The Waldorf: Sperber did his deals here, but the police waited in vain.



The sleuth: Det. Sgt. John Mullally, whose doggedness matches Sperber's cunning.

How Siegmund Sperber lived high off the banks

At Interpol in Paris the last trace of Siegmund Sperber was in Switzerland 10 years ago; the file says "identity uncertain". On the Antwerp diamond bourse, dealers thought he was dead, killed in a mysterious car crash in 1974. The police in Rome wanted to talk to him about a billion lira fraud in 1976.

Yesterday at the Central Criminal Court, Sperber, known in Britain as Georg Pratten, was sent to prison for five years for his part in what was, by his standards, a minor piece of chicanery. For Mr. Sperber is a monarch of international frauds, king of a system of financial musical chairs which has milked banks across Europe of nearly £3m in the past few years.

He has not been tried for these offences. When on case was brought before the courts last autumn after complex police investigations it was thrown out on a technicality.

Siegmund Sperber is the sort of man bank managers seem to take to immediately. He arrives driving an expensive car. Well dressed, he travels as a middle-aged international businessman, usually in diamonds, who exudes a Mittel European charm (which at the age of 64 still wins him more than his fair share of women).

The confident patter is underlined by a gesture of the hands, a sweep of the arms. He explains that he is no babe in the world of finance but he needs a little help, not being too well acquainted with the procedures of his victim's country. He wants to open an account and he needs a little understanding, like credit facilities and transfer arrangements. Sir, he tells the manager, my business depends on flexibility.

Indeed it does. Mr. Sperber's specialty is a fraud technically known as cheque "cross-firing". Since the advent of computers it has rarely been seen; most banks assume they are no longer at risk. Mr. Sperber has personally disabused several leading European banks of that belief.

The scheme is complex, involving considerable juggling and timing of the international banking system. Put at its simplest it involves a victim bank in one country and accounts at other banks in second country.

The first move is to open current and deposit accounts with the intended victim. The second stage is to build up a credit rating and demonstrate respectability. So far Mr. Sperber is a normal customer.

What the victim does not know is that Mr. Sperber is also opening up a network of accounts under other names, or using associates abroad. At the centre of the network is a clearing bank.

Over weeks or months Mr. Sperber begins to circulate money from the victim bank through the other accounts and then back to the original current account. Sometimes he is in the black, sometimes in the red. The bank does not worry. He seems a very active customer with business relations with many people and other banks, and he is paying interest on the current account overdraft.

Once confidence is established Mr. Sperber asks his first victim bank to transfer money by telex to another account on the security of uncleared cheques received from banks in the network. These will take days to clear against a transfer on the victim bank, which can be completed the same day.

All the time Mr. Sperber, with a stroke of impudence, is using the victim bank's money to redeem post-dated cheques at the other banks. The amount of money circulating rises. At the victim bank the uncleared balance is the one calculated on the day a cheque is received but the true balance of Mr. Sperber's total indebtedness is not known, except by Mr. Sperber. Only when the cheque is cleared by the bank on which it is drawn is the true balance revealed — but that is only for a fraction of the time, because Mr. Sperber is repeating the process.

By this time Mr. Sperber has cheques coming into his account, let us say, of £250,000 to set against an overdraft of £300,000. The bank is still not worrying because Mr. Sperber has

£50,000 on deposit and is still paying interest on his overdraft.

As the amount of money circulating rises Mr. Sperber siphons some off and then starts the last stage. He takes money out of the network banks. When the victim bank presents its cheques there is no money to meet them. The cheques are returned, and only then does the bank know how much it has lost.

From whom Mr. Sperber learns his skill is unknown but he brought to cross-firing a mind capable of keeping abreast of complicated detail and considerable panache — one victim agreed to hold parcels of diamonds as collateral without ever checking the parcels.

In one fraud 33 different bank accounts were used. But over the years Sperber has been both bold and unlucky. He has been to prison only twice.

He was born in Vienna in 1918 but spent his youth in Cracow, Poland. Before the start of the last war he moved west to Belgium where, although Jewish, he survived the Nazis with the help, it is said, of a Belgian order of nuns. Thirty years later the nuns were still unwittingly protecting him in London.

In 1946 Sperber set up as a diamond dealer, living in Antwerp. Married in 1948, he was no longer resident in Belgium in 1950 and in 1954 his company went bankrupt. Nonetheless he appears to have continued as a dealer until 1956, when he is alleged to have defrauded a number of his colleagues by disappearing with diamonds on credit.

Two years later he was sentenced to two months imprisonment and the next year sentences of two and five years were passed on him in Antwerp. In the meantime Sperber had jumped bail.

He emerged again in 1964 in Italy where he was tried and acquitted for fraud, but he was extradited to Belgium to serve his sentences. In his defence yesterday it was said that the sentence in Belgium was reduced to three years and that he had been tried and cleared in Austria.

In 1969 he was sentenced to three years imprisonment in France but the sentence was passed in *absentia*. Sperber had disappeared again.

He was now to be found part of the time in Switzerland, where Swiss authorities believe he extracted £500,000 from a branch of the Banco de Bilbao. In 1971 the West Germans extradited him to Switzerland and early in 1972 he stood trial there. The Swiss are circumspect about what happened next but it appears Sperber walked out of court during and adjournment.

In 1974 a rumour spread round the Antwerp diamond dealers that Sperber had died in a car accident. His former wife, whom he had divorced in 1960, was among those who thought he was dead.

Banks in Rome and Milan discovered in 1976 that he was very much alive and a warrant was issued for his arrest after a fraud involving £1.8 billion lire, the equivalent of well over £1m. But he was in London, where a large commercial bank would like to talk to him about £477,000 which it is owed.

The next year he and a Belgian girlfriend were at a branch of the Amsterdam-Rotterdam Bank, AMRO, in Bergen-Op-Zoom, just over the border from Belgium. That bank would like Mr. Sperber to account for £265,000.

Three hundred yards up the road from the AMRO bank in Bergen is a branch of the Algemene Bank Netherlands, ABN. In 1979 the Belgian girlfriend opened an account there. Sperber was lucky because one of the staff was married to an official of the luckless AMRO branch, but no one made any connection.

Mr. Sperber might still be dropping in on Bergen today were it not for his nose for perfume. Among his varied commercial interests was an involvement with a perfume company.

In 1976 Charles Scott (Parfums) Ltd. a family firm in Finchampstead, Berkshire, asked the National Union Bank in London, a discount house set up to assist manufacturers facing cash flow problems, to help it

finance trade. The mechanism by which NUB did this was to set up a sales arm, Scott Parfums (Sales) Ltd., as an NUB subsidiary.

When a customer bought perfume, on credit, NUB through its subsidiary paid Charles Scott (Parfums), the manufacturer, 80 per cent of the bill, minus service and interest charges. Charles Scott (Parfums) would receive the remaining 20 per cent when the customer paid the bill.

In the summer of 1978 NUB was taken over and it was announced that the discounting business would end in the spring of 1978. The value of goods discounted for Charles Scott (Parfums) began to rise, mainly because of a new account with firms called Agrostis Import/Export Ltd and Texmav Finance Ltd. At first payments were made within the 90-day period for credit, but then the payments dried up.

Proceedings were taken against Agrostis and Texmav, who said they had never received the perfume. Police investigations concluded that no perfume had ever been destined for them. Arrests were made, and yesterday Maurice Thomas Wood, an accountant and director of Agrostis, was jailed for a year for his part in the £271,000 fraud.

But another man remained elusive. The guiding light behind Agrostis and Texmav was a Mr. Georg Pratten, who was thought to live much of the time abroad.

Detective Sergeant John Mullally, a member of the fraud squad, set out to find him. Mr. Mullally, a determined Ulsterman, began what was to prove a long game of hide and seek through the winter of 1979 into the spring and summer of 1980. Pratten, via his lawyers, offered to meet the policeman abroad and promised to keep appointments, but never appeared.

Pratten was known to favour the Waldorf Hotel in the Aldwych for business meals and meetings. Suspecting he might be on his way there, Mr. Mullally called in undercover detectives from the Yard's criminal intelligence branch. Disguised as doormen, road sweepers, passing pedestrians and hotel visitors, they waited in vain. Pratten's second sense saved him and he did not appear.

Mr. Mullally dogged the heels of a girlfriend of Pratten's day and night for over two months, trailing her home without signs of Pratten. The policeman discovered her while investigating the firm where Mr. Wood worked. She was on the switchboard.

In June 1980, he was watching a flat used by her in north London when a green Mercedes Benz turned into the street.

As Pratten pulled up, the policeman ran down from his vantage point on a six-storey block of flats, jumped garden fences and sprinted into the road. Pratten, planning a lunch with the girl, was unlocking the boot of his car to take out a bottle of wine and some food. He found under arrest.

In his briefcase the policeman found signed blank cheques drawn on accounts under different names in London. The cheques were part of the fraud on the ABM bank, amounting to almost £400,000. At the same time the bank was being used in complex credit deals with a London jeweller, A. Byworth and Co. Jewelry was given to Pratten on approval for 30 days against post-dated cheques on London accounts.

When the moment came to honour the cheques others drawn on the Dutch bank would be substituted. Those would take time to clear and so extend the period of credit. The firm eventually lost £250,000, although Pratten argued in court that the cheques would have been met.

Mr. Mullally discovered one reason why he had had difficulties tracking Pratten down. He was comfortably ensconced in a large house with an acre of grounds in Virginia Water, Surrey, deep in the stockbroker belt. The house had been bought for £54,000 cash in another name in 1978.

The garden had been landscaped, garages added and the interior stripped. Antiques filled the lower

floor and upstairs in Pratten's room 102 which were neatly arranged in the wardrobe, graded from light to dark shades in each colour. Many of them came from an expensive tailor in Milan.

By the garage, Pratten's cars were lined up. The green Mercedes, a grey Rolls-Royce, a mauve Jaguar and an Alfetta which the Italian chauffeur said was his. Neighbours were told the cars were the fruits of repossession orders against Pratten's debtors. At the time of his arrest Pratten announced he was going abroad for a month or so.

The police discovered that to cover his tracks Pratten had registered the car at the London convent of the Missionary Sisters in Hampstead, the Belgian order said to have protected him during the last war. The convent was also used as a poste restante, an address for accounts.

A senior member of the staff told *The Times* that

letters had been sent to the convent, which it had returned to the Post Office; others had been picked up by visitors. The sister in charge of the convent at the time had since returned to Belgium and the current staff was one which had been stolen.

But Sperber's luck was not totally exhausted. Last autumn he and two accomplices came before the Central Criminal Court charged with fraud against the second Dutch bank and the British jewelry firm. After listening to legal argument

Judge Buzzell ruled that the Dutch case was outside British jurisdiction although counsel for one of the defendants conceded that fraud had taken place.

The jewelry charge was also dropped because it was argued that the loss would have been accounted for had the police not stepped in and made their arrests, thus preventing international cheques from being met.

The judge's decision

caused anger and frustration among the prosecutors. It

has raised doubts about the

feasibility of prosecuting international frauds in this country.

But Sperber was not free. He remained in the maximum security wing of Wormwood Scrubs, supplied with meals brought from his Surrey home, and began trial before Christmas. Mr. Mullally, who suffered a heart attack during the complex investigations, gave evidence for 14 days.

Sperber chose to make a statement from the dock. For three days he brought to play yet again his considerable charm. A slightly rumped figure with a mane of white hair, he was the image of the benign Dutch uncle.

At the end of one afternoon in the 13 week trial he looked up at the judge and in the manner of a barrister suggested that "perhaps this would be a good point to adjourn for the day my lord".

The judge agreed.

Today, at the end of a trial

costing more than £250,000,

Pratten knows as he begins his sentence that he may need that blend of presence and impertinence again. The Italian authorities are planning extradition proceedings and the Dutch are also considering action.

Sperber is believed to own properties in France and elsewhere. The police also suspect there may be anonymous bank accounts in Switzerland. There is an arrest warrant out in Antwerp for his Belgian girlfriend.

The future of Little Stream, now worth £160,000, has not been settled. A few days after Pratten's arrest notice was given that it had been bought on a loan from West Germany.

In Sperber's room resting on the leather-bound blotting pad given by Rolls-Royce to its customers is an antique American hunting knife used by prospectors in California. On the blade is inscribed: "dig gold out of quartz". Sperber's motto, perhaps?

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National Savings

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Russians invite Chinese to border talks

Moscow, Feb 23. — The Soviet Government has proposed a resumption of talks with China on the two countries long-standing border dispute, a Foreign Ministry spokesman said today.

The spokesman said the Soviet Union had approached the Chinese Government with a proposal to discuss the border issue, but he emphasized that Moscow did not intend to discuss what he described as "territorial questions".

The two countries last met in 1978 in Peking to discuss the dispute, which led to bloody border clashes 13 years ago and has provoked deep bitterness in both Peking and Moscow.

China claims 600,000 square miles of Soviet territory, but Moscow rejects the claim and publicly insists that talks should deal only with border protocol.

The Foreign Ministry spokesman did not say how or when the latest approach was made, but Soviet sources in Peking said today that the Kremlin informed the Chinese Government of its readiness for talks on February 1.

Western diplomats in Moscow said the Soviet move seemed timed to coincide with strains between Peking and Washington over the United States' recent sale of advanced fighter aircraft to Taiwan.

The Soviet Government is deeply concerned by the increase in Sino-American

economic, political and military cooperation and is eager to settle its differences with China, the diplomat said.

Mr Nikolai Tikhonov, the Soviet Prime Minister, hinted at a softening of Moscow's attitude last week when he said that the Kremlin "would not be kept from taking concrete steps" towards improving Sino-Soviet relations. However, the process of improvement, he told a group of Japanese journalists, must not be one-sided.

Marshal Dmitry Ustinov, the Defence Minister, echoed Mr Tikhonov's line in an article published in *Pravda* today.

Marshal Ustinov refrained from making any of the customary Soviet charges of aggression against China and limited himself to warning Peking that its policies could only help Washington's aggressive preparations.

Peking and Moscow have held 15 rounds of border talks since the 1960s when the two Governments, formerly close allies, became involved in a fierce ideological dispute.

Moscow's last formal proposal to resume the talks, made six months ago, was rejected by the Peking leadership.

China has cited the Soviet military presence in Afghanistan beside other international and ideological issues as hindrances toward the reestablishment of normal relations. —Reuter.

Britain presses chemical arms ban despite US

By Our Foreign Staff

Britain yesterday tabled proposals aimed at making sure that countries comply with any international ban on chemical weapons. The move was made in the 40-nation United Nations Disarmament Committee in Geneva.

The British recommendations include the setting up of an international committee to carry out on-site inspections and to seal up weapon production plants within six months of the convention coming into force.

Asked how this initiative tallied with the recent American decision to manufacture new nerve gas weapons, the Foreign Office in London later said it appreciated the position of the United States, which was attempting to counterbalance the large Soviet stockpile of chemical weapons.

At the same time, the British Government thought it important to continue to press for an international

convention to outlaw these weapons. Britain destroyed its stocks of chemical weapons many years ago, and does not plan to build them up again.

Mr David Summerhayes, the British delegate in Geneva, underlined the need for adequate verification through every stage of compliance with a treaty, starting with the declaration and destruction of stockpiles and production facilities.

He said that international supervision would have to be supplemented by satellite surveys to trace any chemicals of known military significance.

On-site investigation by the consultative committee — composed of representatives of each state party to the convention — would be required in doubtful circumstances. Plants would be monitored until disposed of or converted within 10 years of a country's adhering to a treaty.

IRAN URGED TO END TORTURE

By David Cross

Amnesty International announced today that it had appealed to the Iranian leadership for a public ban on the torture of political prisoners.

In its appeal, the rights organization said that it had received hundreds of detailed reports of torture inflicted by revolutionary guards in Iranian jails. Some prisoners had died under torture and then been hanged, apparently to make it appear that they had been legally executed.

Amnesty said that during 1981 it had received more than 200 detailed statements of cases involving torture, some of them backed by photographs and medical reports. They included descriptions of special torture rooms in Evin prison in Tehran, where prisoners were burned with irons and cigarettes, beaten, kicked, whipped and subjected to mock executions.

The tortures were similar to abuses perpetrated under the Shah before the 1979 revolution, Amnesty said.

A ban will be limited to manufactured products and luxury goods. According to Italian figures these total about £320m a year. A French proposal that the ban should amount to half this figure would mean cutting Soviet imports by roughly 2 per cent.

There was no discussion in the Council about latest developments in Poland, the aim being merely to agree on a signal which would, in the words of Lord Carrington, the British Foreign Secretary, show that "this is what happens if you do this sort of thing and if you do it again it will be worse".

The Council also agreed to send humanitarian aid worth £4.5m to Poland for distribution through charitable organizations.

Part of the session was given over to a discussion on progress towards what would



Poland: Sanctions; Jaruzelski visit

EEC to curb Soviet imports

By Our Foreign Staff

EEC foreign ministers meeting in Brussels yesterday agreed to send to the Soviet Union "a clear political signal" of displeasure about events in Poland. It will comprise a curb on what has been calculated as about 2 per cent of total Soviet imports into the Community.

It can only be sent subject to reservations by Greece and Denmark. Greece has already made it clear that it will not be associated with sanctions against the Soviet Union and Denmark has said it finds it legally hard to accept that Greece should be exempted from any supposedly joint EEC measures.

It has therefore been left to the European Commission to find a compromise, one idea for which is that restrictions should be imposed only on goods not bought by Greece.

The Commission proposals are expected to be ready in the next few days. Yesterday's meeting approved the restrictions in principle.

A ban will be limited to manufactured products and luxury goods. According to Italian figures these total about £320m a year. A French proposal that the ban should amount to half this figure would mean cutting Soviet imports by roughly 2 per cent.

In terms of the measures, which were described as half-hearted by Western diplomats, Japan will also, among other things, suspend trade consultations with the Soviet Union on shelves Moscow's request for the enlargement of its trade office in Tokyo.

Madrid: Poland countered criticism at the European security review conference yesterday with charges that Britain used torture in Northern Ireland, diplomatic sources said.

The Sub-Director of Foreign Affairs, Mr Wodzinski Konarski, asked how Britain would react if other countries insisted on dialogue between authorities in Ulster and representatives of the Roman Catholic Church, Protestant leaders and the IRA.

Paris: Herr Helmut Schmidt, the West German Chancellor, said in an interview

view with *Le Monde* newspaper yesterday that the world economic crisis constituted a danger at least as great as tension between the super powers and the "Polish tragedy".

"Unemployment in the northern hemisphere and famine in the southern one lead to a social and political destabilization which enhances communist influence and other destabilizing factors."

Tokyo: The Japanese Government yesterday announced that it will take steps to impose sanctions against the Soviet Union and Poland.

Mr Kiuchi Miyazawa, the chief Cabinet Secretary, said the Government would refuse to reschedule Polish debts or lend more money "for the time being because the Government recognizes that the unity and cooperation of the Western nations are of utmost importance in coping with the Polish question".

Mr Miyazawa said his

sanctions would not be applied to any economic assistance already committed to Poland.

They include a suspension

of exchange visits between ministers and senior officials and restrictions on visas for Soviet diplomats.

Talks on re-scheduling Polish debts are to be suspended, a Belgian-Polish commission is being adjourned and there will be restrictions on visas for business staff.

London: The British Government yesterday eased restrictions on the movement of Polish diplomats in Britain to bring them into line with those applied to British diplomats in Poland. The British restrictions were imposed earlier this month.

Previously permission had been given only in exceptional circumstances.

The relaxation does not apply to Polish journalists, the staff of the Lot airline, or the Gdynia America shipping line.

Moscow gives nod of approval

From Roger Boyes, Warsaw, Feb 23

The Soviet Union has given General Wojciech Jaruzelski, the Polish leader, a discreet vote of confidence by inviting him to Moscow next week.

That is the view of diplomatic analysts here who point out that the announcement of the visit comes only days before the Polish Communist Party's Central Committee holds a plenary session during which the general is expected to come under some criticism for his relatively moderate policies.

But by stipulating that the Moscow visit will take place in the first week of March, the Soviet Union is clearly signalling its belief that General Jaruzelski will retain his position as party chief.

Party hardliners — pro-Soviet, Marxist fundamentalists — have been gathering strength since the declaration of martial law and have been expressing, in oblique ways, varying degrees of impatience.

The declaration of martial law raised expectations among Poland's hardliners that have never been fulfilled. The common assumption has been that the Soviet Union sympathized with these feelings.

Having agreed to — or orchestrated, in the view of the United States — military takeover Moscow must be frustrated with the results. The party has still not

regrouped and still not healed its wounds; the economy has if anything deteriorated and leaders of Solidarity, the independent trade union movement, though unionist, remain outside the party when martial law ends.

A sign of this frustration is Soviet pressure on the Poles to drive a wedge between the Roman Catholic Church and Solidarity, though it seems merely to have resulted in a propaganda attack on churchmen visiting internment camps.

Martial law has, however, achieved two goals in the Soviet interest: it has ended strikes and the constant challenging of the party and it has brought the Polish Government much more firmly into the Soviet orbit.

Tribuna-Ludu, the party organ, today said: "We must orientate our foreign cooperation, ties, and more strongly than so far, towards the fraternal countries of the CMEA (Comecon, the economic grouping), the Soviet Union, the friends who take a vital and honest interest in the normalization of life in our country."

The Soviet Union thus appears to be more or less satisfied with those two limited achievements since martial law. It is not, above all, in the Soviet interest to see General Jaruzelski lose control, even to an avowed

hardliner like Mr Stefan Olszowski.

Having sanctioned the state of affairs in Poland, it must now see it through. General Jaruzelski, who is also Prime Minister, head of the military council and Minister of Defence will only cede his leadership of the party when martial law ends.

These judgments are drawn largely from party sources who are inclined towards the liberal reformist wing and therefore may contain a certain amount of wishful thinking. But the verdict seems to be correct: the hardliners are making more noise than they have genuine influence, at least within the Central Committee.

Mr Lech Walesa, the interned leader of Solidarity, today quashed speculation that the baptism of his baby daughter would be turned into some form of public spectacle. (Reuters reports)

Reports published in the West have suggested that he might be set free for the baptism and that the Polish prime minister, Archbishop Jozef Glemp would officiate, thus turning the ceremony into a political event.

Today, Father Henryk Jankowski, Mr Walesa's parish priest, said the Walesas wanted the baptism to be a private family affair.

Leading article, page 11

Sinai withdrawal

Egyptian sea cannon show who rules the waves

From Christopher Walker, Sharm el Sheikh

In addition to two air bases, the airfield used to launch the Entebbe raid, hundreds of miles of new roads, modern hotels, diving schools, restaurants and air-conditioned flats, the Egyptians will be receiving two of their own pre-Second World War guns when they regain the remaining one third of occupied Sinai on April 26.

The British-made sea cannon, over 20 ft long and with barrels clearly engraved with the insignia of George V, still sit symbolically, if impotently, astride the concrete emplacements which command the narrow Strait of Tiran, 400 yards of the Red Sea which are vital to the security of Israeli shipping to and from Asia and East Africa.

Now useful only as a museum pieces, the guns have been deliberately left where they were abandoned by the Egyptians in 1956 as a reminder to any visitor of the importance of the area for Israel. A metal sign explains that attempted Egyptian blockades of the waterway have sparked two Middle East wars.

More than any amount of government propaganda, the position of the guns and the narrowness of the strait (used for importing much of Israel's oil) are a reminder of what Israel has sacrificed for peace with her largest Arab neighbour.

Directly opposite the grey barrels of the cannon is the island of Tiran and to the west Sinai Island, which is infested with snakes and has no water resources. The two forbidding and uninhabited islands, scarcely talked about at the time of Camp David — have recently emerged as two of the most controversial areas in the delicate next stage of the peace process.

Under the terms of the 1979 treaty, Israel is due to hand them back to Egypt, along with the remaining 12,000 square miles of the occupied Sinai peninsula. Security in zone C, the part of the treaty in which the islands are clearly designated as the responsibility of the American-organized Sinai multinational peace-keeping force, which is due to begin operations in March.

Controversy over the return of the remote islands was sparked when Prince Fahd of Saudi Arabia — which leased the two islands to Egypt in the 1950s to facilitate the blockade of the Tiran Strait — was

quoted as telling Saudi university students that the Egyptian government was responsible for returning the islands to the United States, Fiji, Uruguay and Colombia.

With little prospect of being held out of the Egyptian economy, the tourist trade brought to the area under Israeli occupation, attention is being paid to providing maximum recreation facilities for the troops who will be stationed

them "to the mother country". The claim fuelled growing anxiety in Israel about the future of the islands after the final withdrawal.

In recent talks in Cairo, Ariel Sharon, agreed to accept Egyptian assurances about the islands; which will be patrolled by Egyptian civilian police after April 26 and also come under supervision from the Sinai force.

Probably no by coincidence, one of the two bases for the new force is now being built on a barren cliff-top looking straight over the sparkling water to the rocky shores of Tiran Island. Working against the clock, a force of 250 men, more than half of them imported labour from Thailand, is struggling to complete the camp in time for the arrival of the first infantry soldiers.

Though the new force is intended to be multinational, there seems little doubt that its predominant character will be American (one reason why the Reagan administration was so anxious for

the loss of strategic depth on land, the handing over of the Etzion and Etzion air bases — two of the most modern in the world — and military control over the strategic northern Sinai region as other strategic assets soon to be forfeited. All are considered subsidiary in importance to control over the Tiran waterway.

In hard financial terms, Israel is giving up an investment of some \$17,000m (about £8,000m) in the Sinai which will either be paid in compensation by Egypt or can be salvaged as part of Operation Ramon, the code word for the military pull-back which has now been underway since 1979.

According to official figures supplied to *The Times*, the Israeli infrastructure breaks down as \$10,000m for airfields, bases and facilities (which will be handed over minus secret installations which will be destroyed); \$5,000m for oilfields already returned to the Egyptians and \$2,000m for roads and settlements.

He said: "By withdrawing from Sinai, the Israeli defence force has shortened its line of supply. It has re-armed around the 150-acre site last week by Bob Jaggard, the resident US Army corps engineer, there was every sign that it would soon be taking on the feel of what one worker described as 'little America'.

Mr Jaggard, from Silver Spring, Maryland, described the construction problems caused by the long-standing indecision about the participation of British, French, West German and Dutch contingents to join those of the United States, Fiji, Uruguay and Colombia.

With little prospect of being held out of the Egyptian economy, the tourist trade brought to the area under Israeli occupation, attention is being paid to providing maximum recreation facilities for the troops who will be stationed there.

The article, specifically aimed at the growing lobby against the April withdrawal, pointed out that no Israeli military figure of any stature had opposed the peace treaty on strategic or tactical grounds. It concluded: "The return of the Sinai is not happening in a vacuum. The return of the area is being made in a political context and under security guarantees. A violation of either the political process or the guarantees will place Israel in a better military position than before".

Letter from Amman

Jordanians count their economic blessings

From Robert Fisk

Beirut, Feb 23

The Syrian Government today issued its first official statement on the fighting in the city of Hama, confirming widespread killing and destruction there.

The government report — issued after accusations that the Western press, including *The Times*, had fabricated or exaggerated the extent of violence in Hama — spoke of "firing mosques and streets ... the liquidation of whole families".

The account was contained in a telegram of support to President Assad of Syria by the Baath Party branch in Hama which blamed the Suez, seven miles to the north-west, has 1.2 million people. This is almost half Jordan's total population, of whom at least 50 per cent are Palestinians driven over from the West Bank by the 1948 and 1967 wars.

"This is about the best place to be in the Middle East at present," said a Palestinian source who has tried most of the alternatives.

NEWS IN SUMMARY

Police chief shot dead in Naples

Naples. — Two unidentified men shot dead Police Marshal Antonio Salzano, aged 52, at his house, and officials said the murder might be connected with a courtroom shooting here yesterday.

An anonymous caller telephoned to a newspaper to say that Signor Salzano, a senior officer, had been murdered "because he supplied the arms for the courtroom shooting."

One gunman was shot dead and two others were seriously injured when a fourth prisoner attacked them in a court anteroom — the latest blow in an internecine war for control of the Camorra, the Naples Mafia.

Signor Salzano's duties included supervising the transport of prisoners between the city's Poggio Reale prison and the court.

Bomb claim by monarchists

Tehran. — An Iranian monarchist group has claimed to have planted a bomb in a refectory van which went off outside the Vail d'As barracks killing 11 people and injuring 11 on Monday. "We planted the bomb," a telephone caller told the Agence France-Presse but read in Tehran speaking for the Paris Monarchist Group.

Monday was the anniversary of the accession to the throne of Reza Khan, father of the last Shah.

Israeli show called off

New York. — The Metropolitan Museum of Art in New York has called off a planned Israeli archaeological exhibition, because many of the pieces come from "disputed territories," Mr Philip de Montebello, the curator, said.

Most of the pieces chosen by him came from the old Rockefeller Museum on the occupied West Bank. It would be taking a "de facto stand" by showing this material as "the heritage of the state of Israel," Mr de Montebello added.

Gaddafi tries to end rift

Tunis. — Colonel Gaddafi, the Libyan leader, arrived in Tunisia to try to normalize bilateral relations, strained since an abortive merger attempt between the two countries in 1974.

The merger failed after President Habib Bourguiba of Tunisia reneged on the agreement shortly after signing it, stating that he had been misled. The two leaders will be meeting for the first time in eight years.

High turnout in Greenland poll

Copenhagen. — Early returns showed an exceptionally high turnout in Greenland's referendum on continued membership of the EEC. A narrow majority is expected to lead to the territory's withdrawal from the Community in 1984 (Christopher Follett writes).

Greenlanders, who have home rule under the Danish crown, want closer ties with other North American Eskimo communities and resent the jurisdiction of European bureaucracy over — in particular — their offshore fishing zones. This is despite the fact that Greenland has prospered greatly within the EEC, receiving 645m Kroner (£43m) in EEC aid since joining in 1973.

CORRECTION

The report from New York yesterday on lung cancer should have said that cigar and pipe smoking were causal, not causal, factors in cancer deaths.

Carrington plea for patience on EEC budget

From Ian Murray, Brussels, Feb 23

"Patience, tenacity and tolerance" are the essential qualities required in European statesmen in trying to settle the vexed question of Britain's budget contribution to the EEC, Lord Carrington, the Foreign Secretary, said tonight.

Speaking in Hamburg on the state of the Community, he showed that Britain had not budged from its argument that more money had to be available for policies other than agriculture.

In talks earlier in Brussels with the other EEC foreign ministers, however, he found that opposition to the British standpoint was "still" very strong. It was agreed that a full day should be set aside at the next Foreign Council on March 23 to discuss the issue and that before then a report should be jointly prepared by the European Commission and the Council on the subject. But even that decision was a struggle one.

The foreign ministers are due to report on the matter to the European summit at the end of next month, but Italy today suggested that there really was no point in even bringing the subject up before the heads of government then. That is clearly impossible, but it proves the reluctance among Britain's partners to talk about so disruptive a Community subject.

Lord Carrington hopes that it will be possible for the meeting on March 23 to discuss "illustrative figures" on how much money is involved so that the argument can be brought out into the open. He suggested that the whole matter could even be settled then, although his speech in Hamburg showed that he really did not envisage such a quick solution.

The report for study at the next meeting will be prepared by Mr Gaston Thorn, the President of the European Commission, and by Mr Leo Tindemans, the Belgian

foreign minister.

Uganda violence

Knowledge of death at the point of a gun

In this report on Uganda, Bernard Debusschere, a Reuter correspondent recently in Kampala, explains the roots of violence in the country.

The attack by guerrillas on Kampala army barracks is the latest incident in a city where many forms of violence are commonplace.

"The moral fabric of our society has been torn apart," Mr Patrice Masisi, Kunya, Uganda's Minister of Rehabilitation, said in a recent interview. "The Amin years and the war changed mental attitudes, made people callous.

"Take someone who is 16 years old now. He hardly knew any decent living. He knew death and he knew guns, and we have lots of guns in this country."

The climate of insecurity is only one of the problems the Government has to solve to return Uganda to its former prosperity. According to government figures, Uganda has more university graduates than Kenya and Tanzania put together. But many fled the rule of the gun and live abroad.

"The picture is not all bleak. Western economists say that shape a young Army," said Mr Ota in an interview. "It is an Army which has to be converted from a liberation army into a proper professional army."

It is an uphill task, diplomats here say, because the armed forces now have a bad image. According to opponents of President Obote's Government, the Army and a ragged militia of about 5,000 have been responsible for a long list of brutalities, rivaling, or even surpassing, those committed by Idi Amin's henchmen.

The Government expects Uganda to be self-sufficient in food, as it was until 1971, by the middle of the year. In a gesture of confidence, West Germany and Britain wiped out Uganda's debts, the EEC increased its aid, and the IMF provided \$175m (about £90m) to speed the country's recovery.

Meanwhile, the government of Uganda, a country which has been a killing-ground for the past decade, is trying to make a disciplined army out of the gunmen in uniform who helped to overthrow General Idi Amin in 1979. Kampala residents say that,

Yet, judging from the

accounts of Ugandans and

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tion in Uganda has been

slowly improving, if only in

terms of bad things happen-

ing less frequently than they

used to.

"I wanted to find it when I

wasn't caught up in rush-



Street terror: A man shouting for help as another lies maimed on the ground and (below) the pall of smoke

Car bombs kill 12 in Beirut

From Robert Fisk
Beirut, Feb 23

By Beirut standards, it was a fairly routine bloodbath. The car bombers had judiciously chosen the most crowded street market in West Beirut and left their cargoes — two Peugeot saloons crammed with explosives — in a road jammed with traffic.

Racouche was once a fashionable corniche above the Mediterranean; but today it is a rundown, shabby highway of stalls, hucksters and lemonade stands, so the victims came from the poor of Lebanon's capital.

The death toll had reached only 12 by tonight, which is a modest casualty figure for Beirut's bombers. When the Iraqi Embassy blew up last December, 61 people were killed.

But today's little assault incinerated half a dozen stallholders and their customers and blasted tons of glass on to shoppers and passing motorists. The shock waves of the explosion could be felt — a gentle pressure on the chest — almost two miles away and there was no mistaking the coil of black smoke that drifted up over the sea.

For hours afterwards, blood lay splashed along a hundred yards of pavement and 16 charred cars lay smouldering beside the road.

The second bomb exploded 10 minutes after the first, when ambulance crews were already trying to save the wounded, and within an hour Beirut's telephone terrorists were in action.

The Front for the Liberation of Lebanon from Foreigners, which claimed responsibility for most of the bombings in the country in recent months, insisted that it had planted the car bombs. Then a hitherto unheard of organization of equally doubtful provenance, The Holy Struggle Movement, said that it was to blame.

No motives were claimed and none advanced, although the political effect of the bombs was the same as always, another fractional lessening of public confidence in the authorities.

The Army is now estimated at about 10,000 and has been blamed for much of the violence which has continued to rock Uganda since Amin lost power.

"We are trying to put into shape a young Army," said Mr Ota in an interview. "It is an Army which has to be converted from a liberation army into a proper professional army."

It is an uphill task, diplomats here say, because the armed forces now have a bad image. According to opponents of President Obote's Government, the Army and a ragged militia of about 5,000 have been responsible for a long list of brutalities, rivaling, or even surpassing, those committed by Idi Amin's henchmen.

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BRITON IN COMPUTER BAN CASE

From Our Own Correspondent

New York, Feb 23

Wayne Williams, who is accused of two of a number of murders committed here, denied throwing anything — let alone a body — off a bridge over the Chattahoochee River. The 23-year-old music producer seemed calm and confident today as he defended himself against allegations that he committed the two murders and had links with 10 other killings.

He told the packed courtroom, "I didn't throw anything off that bridge."

He denied that he was a "media freak" who delighted in the publicity that surrounded his arrest and even gave a press conference seeking of his feelings about reporters who surrounded his home at the time of the arrest, he said: "As far as I was concerned, they could all go and jump in the river."

He said he was in the area about 2 am on May 22 when police on watch claim they heard a splash, such as a body falling into the water. He said he was there because he was trying to find the home of a woman he was supposed to meet for a musical audition.

"I wanted to find it when I wasn't caught up in rush-

hour traffic."

When he was unable to find the address he started for home, but was stopped by police some distance from the bridge.

Mr Williams said he drove over the bridge without stopping, but stopped to use a telephone after he had crossed it.

When police stopped him and said they knew he had thrown a body into the river, Mr Williams said he replied: "You must be crazy."

He denied that he was a "media freak" who delighted in the publicity that surrounded his arrest and even gave a press conference seeking of his feelings about reporters who surrounded his home at the time of the arrest, he said: "As far as I was concerned, they could all go and jump in the river."

He said he spoke to the press to try to put his side of the story and in reaction to constant police surveillance and trailing, which was "just ridiculous".

The federal indictment

against the men says they

exported equipment that was

"controlled for national

security reasons".

Black activist's son is murdered in Harlem

From Christopher Thomas, New York, Feb 23

Another son of Mr Roy Innis, the black civil rights activist, has been murdered. He was shot twice in the chest in Harlem after an apparent robbery on Saturday, and stripped of all identification.

The police confirmed that they had identified Mr Alexander Innis, who was 26 by fingerprints. In 1981 his brother Roy, aged 13, was shot dead by a man who fired into a crowd in the Bronx. Another brother, Kwame, aged 14, was injured in November when a gang stabbed him in the back outside the family home in Harlem.

Mr Alexander, a spokesman for the United States Customs Service in Washington, said today the enforcement operation known as Exodus, involved teams of customs agents, inspectors, patrol officers, import specialists and accountants in 10 cities.

The federal indictment against the men says they exported equipment that was "controlled for national security reasons".

The police in Harlem said today that witnesses to the attack were uncooperative, providing only sketchy details, but there was an

Obscenities hurled at coup trial reporters

From Richard Wigg
Madrid, Feb 23

Shouts of "Fuera mierda" ("Get out you shit") rang through the Madrid coup trial courtroom today as anti-government observers and other spectators staged a noisy demonstration against Spanish and foreign journalists.

The first disruption in an emotional trial involved officers of the three services from all over Spain and officials of the 22 officers accused of involvement in the attempted military takeover a year ago.

It came after a three-hour delay as the accused refused to enter court until something was done about an article published this morning on the front page of the pro-Government Madrid daily *Diario 16*.

The article was published under the heading "How we assaulted Parliament" and purported to be an interview with one of the military policemen from the Brunete Armoured Division who entered Parliament.

The soldier, under an assumed name, alleged that Captain Carlos Alvarez Arene turned to one of the policemen under his command as they entered the chamber, declaring: "Whoever takes one step back, I will personally shoot him in the neck."

Sgt. Jesus Gomez, comandante for the Captain, who faces a seven-year sentence and dismissal from the Army, described the alleged interview as a "grave provocation to the court and interference with the course of justice". It was an ignominious and invented calumny of his client.

General Jose Claver Torrente, the military prosecutor, announced an investigation would be opened into the facts alleged in the interview, to establish responsibility on the grounds they constituted "prima facie crime".

Lieutenant-General Fernando de Santiago, one of the military co-defenders of the accused, then bargained with the court, his voice almost broken with anger: "What is published in *Diario 16* is a most grave insult not only to the honour of the accused but all the armed forces as an institution," he said. There was loud applause.

Lieutenant-General Luis Alvarez Rodriguez, president of the Supreme Council of Military Justice, who is co-defender, said: "Pedro Ramirez, the editor of *Diario 16* who has been personally covering the proceedings, to leave court. The newspaper's accreditation was suspended.

After the editor stood up and started to leave, other Spanish journalists accompanied him, followed after a pause by the foreign correspondents to the shouts of abuse and "Bravo!"

Sgt. Pedro Ramirez, who was called in twice over the interview by General Antonio Rodriguez, press chief at the Defence Ministry, as everyone waited for the proceedings to reconvene, said afterwards he had been invited to withdraw voluntarily but had refused. The article had been prepared "some time ago as a contribution to the anniversary of the coup attempt."

Another son of Mr Roy Innis, the black civil rights activist, has been murdered in a dispute with three people, one of whom shot him.

His absence from home since Saturday had not been regarded as unusual by his family. Mr Wendell Garnett, a senior official of the congress, said: "Alexander was a grown man who was pretty much on his own."

Alexander had been working as a driver for a delivery service and was a keen amateur boxer with hopes of becoming a professional. He had worked with his father's organization and in the 1970s headed its youth patrol, which helped the elderly and fought crime.

His father, who has headed the Congress since 1968, is frequently criticized for his domination of the organization. He has five surviving sons and two daughters. Last year he faced charges of having with other survivors of the organization misappropriated \$500,000 (£260,000) of the group's funds in 1976-77.

TWA to and through the USA

In this first of a series of essays extracted from his forthcoming second volume of memoirs,

Henry Kissinger discusses the true nature of the policy of detente

How to deal with Moscow in a nuclear age

Richard Nixon came into office with the well-deserved reputation of a lifetime of anti-communism. He despised liberal intellectuals who blamed the Cold War on the United States and who seemed to believe the Soviet system might be transformed through the strenuous exercise of goodwill. Nixon profoundly disdained Soviet motives; he was a firm believer in negotiations from positions of strength; he was, in short, the classic Cold Warrior.

Yet after four tumultuous years in office, it was this man, so unlike the conventional intellectual's notion of a peace-maker, who paradoxically was negotiating with the Soviets on the broadest agenda of East-West relations in 25 years. And not long afterwards he found himself accused of what had been a staple of his own campaign rhetoric: of being "soft on communism."

The paradox was more apparent than real. We did not consider a relaxation of tensions a concession to the Soviets. We had our own reasons for it. We were not abandoning the ideological struggle, but simply trying — to tell order as it was — to discipline it by its precepts of national interest. Nor was detente without its successes. There is no doubt that our better relations with the Soviet Union (and China) isolated Hanoi. In 1972 Moscow acquiesced in the mining of North Vietnamese harbours and the bombing of Hanoi and Haiphong; by the end of the year Hanoi settled for terms it had contemptuously rejected for years. In Europe the knowledge that the Americans, too, could talk to the Russians reined in the temptation to blame all tensions on the United States and to seek safety in quasi-neutralism. And later on it helped us to bring about a diplomatic revolution in the Middle East.

I also believe that the evidence proves exactly the opposite of what our critics charged: detente helped rather than hurt the American defence effort. Before the word detente was even known in America the Congress cut \$40,000 from the defence budgets of Nixon's first term; when even so dedicated a supporter of American strength as Senator Henry M. Jackson publicly advocated small defence cuts and a "prudent defence posture." After the signature of SALT I, defence budget increased and the Nixon and Ford administrations put through the strategic weapons (the MX missile, B-1 bomber, cruise missiles, Trident submarines and more advanced warheads) that even a decade later are the backbone of our defence programme and that had been stymied in the Congress prior to the easing of our relations with Moscow.

Detente did not prevent resistance to Soviet expansion; on the contrary, it fostered the only possible psychological framework for such resistance. Nixon knew where to draw the line against Soviet adventure whether it occurred directly or through proxy, as in Cienfuegos, Jordan, along the Suez Canal, and during the India-Pakistan war. He drew it with cool fortitude, and all the more credibly because there was national understanding that we were not being truculent for its own sake. If the Vietnam war had taught us anything, it was that a military confrontation could be sustained only if the American people

Extracted from *Years of Upheaval* by Henry Kissinger, to be published by Weidenfeld and Nicolson, and Michael Joseph on March 29, price £15.95.



All eyes on the man in the middle: the Soviet leader Leonid Brezhnev and President Richard Nixon with Dr Kissinger, then Secretary of State (back to camera) at San Clemente in June, 1973

were convinced there was no other choice.

Any American President soon learns that he has a narrow margin for manoeuvre. The United States and the Soviet Union are ideological rivals. Detente cannot change that. The nuclear age compels us to coexist. Rhetorical crusades cannot change that, either.

Our age must learn the lessons of the Second World War, brought about when the democracies failed to understand the designs of a totalitarian aggressor, sought foolishly to appease him, and permitted him to achieve a military superiority. This must never happen again, whatever the burden of an adequate defence. But we must remember as well the lesson of the First World War, when Europe, despite the existence of a military balance, drifted into a war no one wanted and a catastrophe that no one could have imagined. Military planning drove decisions; bluster and posturing drove diplomacy.

An American President thus has a dual responsibility: he must resist Soviet expansionism and he must be conscious of the profound risks of global confrontation. His policy must embrace both deterrence and coexistence, both containment and an effort to relax tensions. If the desire for peace turns into an avoidance of conflict at all costs, if the just disparity power and seek refuge in their moral purity, the world's fear of war becomes a weapon of blackmail by the strong; peaceful nations, large or small, will be at the mercy of the most ruthless. Yet if we pursue the ideological conflict divorced from strategy, if confrontation turns into an end in itself, we will lose the cohesion of our alliances and ultimately the confidence of itself as standing above

our people. That was what the Nixon Administration understood by detente.

How to avoid nuclear war without succumbing to nuclear blackmail, how to prevent the desire for peace from turning into appeasement; how to defend liberty and maintain the peace — this is the overwhelming problem of our age. The trouble — no, the tragedy — is that the dual concept of containment and coexistence of maintaining the balance of power while exploring a more positive future, has no automatic consensus behind it.

Historically, Americans imagined that it did not have to contain itself with the global equilibrium because geography and a surplus of power enabled it to await events in isolation.

Two schools of thought developed. The liberal approach treated foreign policy as a subdivision of psychiatry; the conservative approach considered it an aspect of theology. Liberals equated relations among states with human relations.

They emphasized the virtues of trust and unilateral gestures of goodwill. Conservatives saw in foreign policy a version of the eternal struggle of good with evil, a conflict that recognized no middle ground and could end only with victory. Deterrence ran up against liberal ideology and its emotional evocation of peace in the abstract; coexistence on the liturgical anti-communism of the right. American idealism drove both groups to challenge us from different directions. The mainstream of liberalism found anything connected with the balance of power repugnant.

Through the early part of the twentieth century the United States thought of itself as standing above

considerations of national interest. We would organize mankind by a consensus of moral principles or norms of international law. Regard for the purity of our ideals inspired conservatives, contrary, to put communism into quarantine; there could be no compromise with the devil.

No doubt the Soviet leaders hoped to convince the democracies — abetted by communist-sponsored front groups and the West's own hopeful interpretation of world affairs — that what had produced the seeming relaxation of tensions was not our vigilance but a basic change in Soviet purpose. More and more western leaders, the hard men in the Kremlin, reasoned, would gear their domestic positions to a relaxation of tensions, pay a growing price for it, and seek refuge from the perils of confrontation by blaming the United States for all crises.

That danger was real. But the opposite course was even more perilous. Confrontations are perceived as necessary by the public will divide each country, split our alliances, and produce a quest for peace at any price. No self-respecting democratic leader can sustain himself by treating vigilance and peace as if they were opposites. Our alliances will be sundered if they appear as obstacles to peace. To be sure, detente is dangerous if it does not include a strategy of containment. But containment is unsustainable unless coupled with a notion of peace. The remedy is not to evade the effort to define coexistence; it is to give it a content that reflects our principles and our objectives.

Just prior to the summit of 1973, I analysed Brezhnev's motivations in a memorandum to Nixon, and there is a glimpse of his own attitude at the time in the way he underlined some portions (in italics here):

Like all Soviet postwar leaders, Brezhnev sees the US at once as rival, mortal threat, model, source of assistance and partner in physical survival. These conflicting impulses make the motivations of Brezhnev's policy toward us ambivalent. On the one hand, he no doubt wants to go down in history as the leader who brought peace and a better life to Russia. This requires conciliatory and cooperative policies toward us. Yet, he remains a convinced communist who sees politics as a struggle with an ultimate winner; he intends the Soviet Union to be that winner. His recent efforts to draw us into condominium-type arrangements — most notably his

proposal for a nuclear non-aggression pact — are intended both to safeguard peace and to undermine our alliances and other associations.

Almost certainly, Brezhnev continues to defend his detente policies in Politburo debates in terms of a historic conflict with us as the capitalist country and of the ultimate advantages that will accrue to the USSR in this conflict. Brezhnev's gamble is that as these policies gather momentum and longevity, their effects will not undermine the very system from which Brezhnev draws his power and legitimacy. Our goal on the other hand is to achieve precisely such effects over the long run.

The major, long term question is whether the Soviets can hold their own block together while waiting for the West to succumb to a long period of relaxation and to the temptations of economic competition. Certainly, as Brezhnev's given the history of dissent in East Europe.

In short, I rejected the proposition of our critics that the Soviet Union stands to benefit more from peaceful competition than do the democracies. It is a counsel of despair, the opposite of what I believe to be reality. It shows an unwarranted historical pessimism, a serious lack of faith in the American people. Nixon would have no part of it. In his famous 1959 "Kitchen Debate" in Moscow he scoffed at Khrushchev's boast that he would bury us — and Nixon was right. Nothing has changed in the intervening two decades to suggest that the communist world, inferior in resources and organization, can outstrip the West in prolonged competition. If the Soviet Union overtakes the West in military power, this will be caused not by detente but by the failure of the democracies to do what is clearly necessary.

If the West saw to containment, I am convinced that it would win its historical battle. The Soviet Union's economic system is glaringly weak; its ideological appeal has faded; its political base and empire is precarious. In the 60-year history of the state, it has never managed a legitimate, regular, succession of leadership. There have in fact been only three changes of leader. Of the four General Secretaries of the Communist Party, two (Lenin and Stalin) died in office; the third (Khrushchev) was replaced in a coup-like procedure; the fourth (Brezhnev) was still consolidating his powers in early 1973.

The Sundy Times serialization from the Kissinger memoirs continues this week end with *Crisis Day* for the World.

Henry Kissinger, 1982

The new Oxford

snobbery

by Harry Judge

Last week it was revealed in *The Times* that Wadham College, Oxford, had "sold" places to two Hongkong students for £500,000. As always, there are complications and explanations: overseas students do not count against the home quota, so no British 18-year-olds will be deprived of places.

Even so, the old prejudice — that Oxford is for the rich — will now be strengthened. Unfortunately that is not the only prejudice against which right-minded people now have to fight. Let me give an example.

Recently I met a Director of Education, a man with a great deal of influence over the lives and futures of pupils in many secondary schools. One of these pupils was coming to Oxford.

This seemed ground for pleasure, but not to the administrator. In my innocence I rashly expressed the hope that many more such young people would come to enjoy all that Oxford can offer — only to be sharply rebuked. "No," he replied, "we should declare them open. No, we should not be destroyed and nothing be done to protect it against a deserved fate." I hope no youngsters from my school will go there, that would preserve a rotten system by sucking them in."

This is what I must call the new prejudice. Its tangled roots lie in a compost of damp ideology and sour grapes, and it is every bit as bad as the old prejudice. The robust old version was that Oxford favoured privilege, family wealth and the old school tie. And so, most of the time, and until just recently, it did.

The gift of admission lay in a small number of plump hands, often those of the head of a college. Links with particular schools and skill in many sports were assiduously cultivated. Admission arrangements, for system there was none, were of byzantine complexity. Closed scholarships protected the status quo, Oxford men as schoolmasters sent up packets of boys to become Oxford men, while the women fought their way in to become a talented minority carefully excluded from ancient buildings and (more important) accumulated wealth. Clever grammar school boys, never from very many schools, were quietly coopted — to the advantage of the university and of themselves.

All that has now been stood upon its head. Entry to Oxford is by a competitive examination, taken either before or after A levels. A price has doubtless been paid, but the meritocracy has triumphed. Closed scholarships have been eliminated. Dons prowl the countryside like medieval friars searching for brains while sixth-formers from comprehensive schools are welcomed on visits and reassured of the accessibility and normality of the place.

A minority of pupils, mostly from comprehensive schools, is even admitted without examination.

The facts appear in the figures. If we look simply at the 2,836 undergraduates now in their first year, what do we find? Thirty-nine per cent of them are women, compared with only 25 per cent as recently as 1975. Forty-five per cent secured their places before taking A levels, as against 38 per cent in 1975. Fifty per cent of the whole intake came from maintained schools, of which a rapidly growing number are straightforward comprehensive schools, compared with 44 per cent from maintained schools in 1975 and 40 per cent in 1965.

Henry Fairlie's column will return next week

All this represents the greatest social change that the university has accomplished in any comparable period throughout the 700 years of its existence.

Nor is it possible to maintain (although many ungenerously try) that all this has been achieved only by a dropping of standards. On the contrary, if we take, as a rough but fair measure, the number of new undergraduates achieving very good A level results (A-B or even better) then the picture is cheerful. In 1980, 73.5 per cent achieved this standard — a quarter more than 10 years ago and three times as many when compared with the group entering all British universities.

For the first time, non-public school entrants comprise a majority of the new cohort. It could still be argued that this is still not good enough. Those who think it is thoroughly bad thing should declare them openly. They appear to believe that we should have more internationally pre-eminent universities, that hierarchy and excellence are in principle wrong.

I think they are mistaken. But, even if they were right, the system we have will last for this century at least. Meanwhile, if the crypto-egalitarians have their way, many able young people from simple backgrounds will be automatically diverted from Oxford, their life chances will be significantly reduced and society as well as the individuals concerned will suffer.

The second argument, which I would be disposed to accept, is that "half is not good enough". After all, 5 per cent of the population at the age of 13 is in private schools, so why should they collect half the Oxford places? That 5 per cent is, however, a misleading figure, and more relevant would be the proportions going on to A level. Here, the proportion is over 20 per cent and this is comfortably close to the share claimed by public school pupils in the entry to all universities. The critics convincingly argue that more comprehensive school pupils should come to Oxford.

How can that be done? Oxford itself can and will make further adjustments. In one way or another, the proportion securing places before A levels must increase. But, above all, what Oxford needs to see is many more good applicants coming from comprehensive schools. They will be welcome, and if they do not apply, nobody can express annoyance if they are not accepted.

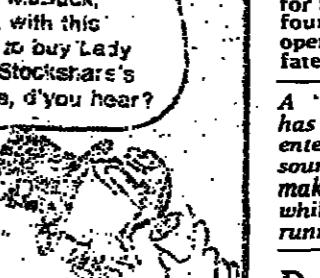
This is why the new prejudice is so pernicious. There are, I fear, only too many administrators, heads and teachers who openly and subtly discourage candidates: "Oxford is not for you." Sometimes their motives are dignified by principle, even if mistakes. Often, just below the surface is a complex of inverted snobbery: "I didn't get in, so why should you?"

This is where the prejudices now are, and these are the obstacles to further progress. Parents and pupils should know this, make up their own minds, and give the colleges a chance to show them just who their real enemies are.

The author is Director of the University of Oxford Department of Educational Studies, and Tutor for Admissions at Brasenose College. He was previously the head of Banbury comprehensive school.

See here, Shocking! —

Scrooge McDuck, am here with the contract to buy Lady Grebb Stockdale's column, d'you hear?



Genoese nobility after seducing one of their women. While the carabinieri scratched their heads for three centuries, no fewer than four composers have written operas about their colleague's sad fate.

A "free radio" station in Paris has invented sex by wireless. It entertains listeners with the sounds of a couple supposedly making love on the studio floor, while a disc jockey supplies a running commentary.

Pass the word

It is plainly too much to ask people who are good with words to be capable of ordering their affairs properly as well. Jeremy Geelan, who edits *Logophile*, a quarterly devoted to words, right because its summer road show on the alternative economic strategy featured as Tory spokesman Scrooge McDuck, not Donald Duck, has predictably backfired. As my illustration shows, Scrooge McDuck is a well-established Disney copyright character too. There is no alternative. Labour's economic strategy programme must be scrapped.

There is no escape for the Labour Party. Its lame claim that it was not infringing Walt Disney copyright because it was summer road show on the alternative economic strategy featured as Scrooge McDuck, not Donald Duck, has just realized that for the last fortnight the Post Office has been returning the journal's mail to senders, marked "gone away".

The Post Office was doing that for the perfectly good reason that Geelan had failed to renew a forwarding arrangement. The result is that while he has collected from contributors some lovely lists of favourite words (e.g. *pejucid*, *aguanine*, *sliken*, *brandy*, *paragon*, *alembic*, *ocean*, *notary*, *perish* — B. Lewis), he has received no replies at all to a modest advertising campaign intended to attract subscribers who would appreciate them.

We wordy types must stick together, so let me tell you that *Logophile*'s unchanged, but once more operational, address is 47-49 Caledonian Road, London N1 9BU.

PHS

THE TIMES DIARY



a playwright. Theatre Clwyd in Mold asked for a play and, thanks in part to a Welsh Arts

Council grant, produced the inspiration he claimed he needed — a contract and an advance payment. Mikes therefore produced *The Virgin and the Bull*, which he describes as "a sad comedy". It concerns a humble Italian who has the luck to buy a lost Caravaggio for £4, and finds it ruins his life. It will be staged in the autumn.

details of prices or anything else to the Good Food Guide or any other guide published by the Consumers' Association.

It did him no good. His wine subsidiary, Gerard Harris, got a full clutch of accolades in the *Which? Wine Guide*. The Bell still featured in the Good Food Guide, and last year it was reinstated in the Good Food Guide, complete with an appropriately snide suggestion that the origin of some of the sauces could be explained only by a scrutiny of the kitchen shelves.

This year Harris has provided all the details requested by the Consumers' Association. What caustic sneers this surrendered may engender only publication of Driver's book on March 19 will tell.

No doubt it had to happen, but they might have got it right when it did. As a Mother's Day promotion, Harrods are putting on a tasting of Mumm champagne — but announcing it, they spelt it Munn.

Franklin says now: "The more this feminism thing has emerged,

the less important women's journalism has become. The only good woman writer today is Caroline Moorehead of *The Times*."

Title tattle

John Batchelor, whose *Edwardian Novelist* is published tomorrow, has a nice story about Joseph Conrad. He hated paying income tax, and when an official-looking envelope arrived, he left it unopened for several weeks assuming that it was just another demand. In fact it contained the offer of a knighthood, and eventually the Prime Minister, Ramsay MacDonald, had to send a personal messenger to find out what had happened to it.

In the event it did not matter, because Conrad refused the knighthood anyway, regarding it as a plebeian kind of honour compared with the half dozen titles he had abandoned on his deathbed.

Franklin says back to Virginia Woolf on *The Times Literary Supplement*, and recall Rebecca West, Winifred Holtby, Storm Jameson and Stella Gibbons. Her own account, though, will begin with Eileen Ascroft launching in 1935 the first agony column in the *Daily Mirror*.

A colourful episode will be her description of the first all-woman assignment to the ruins of Berlin in 1946, when Fleet Street's women horrified the officers of the British Army. Franklin's task was to seek out Frau Goering and ask her: "Will Hermann hang?" Franklin says now: "The more this feminism thing has emerged,

the less important women's journalism has become. The only good woman writer today is Caroline Moorehead of *The Times</*



P.O. Box 7, 200 Gray's Inn Road, London WC1X 8EZ. Telephone: 01-837 1234

PORTRAIT OF A PARTY MAN

There are two ways of looking at Mr Mieczyslaw Rakowski, the Polish Deputy Premier, whose remarkable interview with Oriana Fallaci we published on Monday and Tuesday. On the one hand he is a member of a ruling party which is generally unpopular, which has no electoral legitimacy and which, by last December, had become, as he himself frankly admits "bankrupt, intellectually and politically". He has remained in his job to serve a military regime which has detained thousands of people, suspended trade union activity and other civil rights. And he speaks as a true Marxist when he utters the chilling remark that "in politics the individual does not count". Seen in this light his interview is little more than an attempt to win western approval for military rule.

On the other hand, Mr Rakowski has been known for twenty-five years as a restless critic of the system in which he has made his career. He has been deeply disliked by orthodox members of the apparatus and widely respected by readers and colleagues as editor of the weekly paper *Polityka*. Although he has survived through many changes, which means that he has made compromises, his credentials as a proponent of the need to liberalise the Communist system are good. He rose during the reformist period of 1956 and was then disappointed. He attached himself to Mr Gierek, who came to power in 1970 with reformism on his lips, and was again disappointed. He saw the formation of Solidarity as offering a new chance to introduce checks and balances into the system and build links between the party and the people. When he

was made government negotiator with Solidarity he seized the opportunity and seemed initially to be negotiating in good faith, but then accused Solidarity of unrealistic demands. Yet another disappointment.

Seen from this point of view Mr Rakowski is in the position of any politician in any system who finds himself in a party or government of which he is critical. How far does he go along with it in the hope of influencing it from within? At what point does compromise become a betrayal of principles? The answer is never easy but in eastern Europe there is a factor that is missing in the west. There is no other party to go to, and the rule of that one party is regarded by Moscow as a vital interest. Therefore, unless one believes that Soviet policy can be changed, outright opposition to the system is hopeless. It may often be morally right but defeat is inevitable.

Westerners with no experience of such limitations should therefore hesitate before passing quick judgements. But this leaves two big questions unanswered. First is Mr Rakowski telling the truth? Here again, certain humility is required. We simply do not know. A very logical case can be made for the argument that the regime decided long before December to block Solidarity's demands in order to provoke the radicals and provide an excuse for military intervention. But the failure of the regime to come to terms with Solidarity can just as well be attributed to indecision and incompetence. Mr Rakowski is right that there were some unrealistic hotheads in

Solidarity but wrong to put so much of the blame on them, and wrong not to mention that the "general strike" called for December was to have been a very short warning strike. The rest must await more information.

The second question is whether the sort of limited reforms envisaged by Mr Rakowski are actually possible. Every time they have been tried in Eastern Europe, they have been defeated by the Party apparatus, or the Russians, or a combination of both. Mr Rakowski scoffs at freedom — freedom which does not put anything in hungry people's stomachs he says derisively. But it is the antique collectivist economics of the East which have made Poland an impoverished and starving debtor of the West and which leaves the Soviet Union dependent on American grain and Western technology.

The individual counts in economics all right; and politics without a belief in the essential worth of every human being, minorities of one as well as majorities of millions, is corrupting, inevitably it becomes about power rather than about responsibility, coercion rather than consent, numbers rather than people. Christianity gave that ideal to the world. Statecraft has had to wrestle, and always will, with the balance between liberty and order. The reconciliation is imperfect and so is the realization of the ideal, but freedom has been the pulse of every civilised achievement in the West. Mr Rakowski should ponder another question following the battery he has answered: what has its Marxist antithesis produced in the East?

IN SICKNESS AND IN WEALTH

About six million people a year visit Britain from countries with which we have no reciprocal arrangement for free medical care. Some come on purpose to seek treatment for existing conditions. They are expected to seek it privately, they bring in substantial foreign exchange earnings, and immigration officials have a duty to satisfy themselves that they can afford to pay. Others fall ill unexpectedly while they are here, and these have traditionally been treated free in hospital as NHS patients, even though they have paid nothing towards the costs of the service through their taxes, as British residents do.

This minor item of international largesse was characteristic of the spirit in which the service was founded. It was considered petty to harass visitors in a moment of misfortune, and the sums involved were small in relation to NHS spending as a whole. This ample attitude to entitlement may seem more questionable today, when we are more aware of the inevitable gap between supply and demand in a free service paid for out of tax.

Exactly what change of practice is proposed remains less than clear. This makes comment difficult, because it needs to be shown that the change is worthwhile in terms of cost, and that it has no unacceptable side-effects. The old spirit of the NHS still has

enough credit in Britain for it to be said with certainty that among side-effects unacceptable to the public would be the spectacle of patients in acute need of treatment being refused it because of inability to pay, or subjected to delay while inquiries are made about status or funds. Our national circumstances may be reduced, but not to the point where we need require anybody to haggle from a stretcher at the hospital door.

Equally, it is not acceptable that the process for assessing entitlement should make immigrant residents reluctant to seek medical care because of fears of inquisitions about their right to be here.

Mr Fowler's proposals take fuller account of these difficulties than the scheme outlined by a working party last year. Visitors would become exempt from charges after a residence of one year instead of three. People coming here to work, and some visiting dependents, would be exempt from the start. It is stressed that there would be no question of refusal of treatment to every patient on admission, and there is some force in the claim that this might occasionally reduce rather than increase the risk of offensive interrogation of foreign residents, and might

remind hospitals to take greater care to see that visitors do not receive free treatment when they have no ghost of a claim to it.

But as an effective money-saver, the plan does not look impressive. Without explaining how, Mr Fowler proposes to save £6m a year when the working party only predicted £5m from a much larger category. The thing is as vague as that. It is not clear what will happen if a patient blatantly lies about his status on admission. Either evasion will be temptingly easy, or else the threat of further inquiries will raise administrative costs and deter resident immigrants. The expense of reclaiming bad debts is a significant part of the costs of many foreign hospitals. Nor is there clear medical borderline between emergencies where any humane surgeon would cut first and ask questions afterwards, and less urgent but still painful conditions carrying a risk of complications if not promptly treated. The change is likely in itself to create an atmosphere where the possibility of charging is more aggressively pursued, generating suspicion and ill-will. It is hard to look at the prediction of £6m without scepticism, but even if that saving were made in full it would be a trivial return for a petty act of inhospitality in a service whose budget is counted in thousands of millions.

HORROR IN EAST TIMOR

When Indonesian troops invaded East Timor in December 1975 it was quite obvious that no one was going to stop them. Fretelin (the Revolutionary Front for the Independence of East Timor), which at that moment was in de facto control of the country, was certainly not strong enough. Portugal, the colonial power which had not — and still has not — formally renounced sovereignty, no longer had any authority on the ground or any troops capable of taking action anywhere near.

The nearest neighbouring country, Australia, had publicly all but promised Indonesia a free hand. Western powers generally, in common with the members of the Association of South-East Asian states, were anxious to keep on good terms with Indonesia as a major oil-producer, a rapidly expanding market, and a regional power opposed to communism.

Not much has been heard about East Timor in this country since then, but the crime has continued to trouble consciences both in Portugal and in Australia. President Suharto officially proclaimed the incorporation of East Timor into Indonesia in 1976, and this was recognized by Australia in 1978, as well as by the ASEAN states. But Portugal continues to

claim sovereignty on the grounds that the East Timorese have not yet been able to exercise their right of self-determination, and the United Nations has consistently called for the withdrawal of Indonesian forces.

More important, it seems that all is far from well in East Timor itself. A pamphlet published yesterday by the Catholic Institute for International Relations states that Indonesian control is "still not unchallenged". It is clear that resistance continues, and in 1981-1982 the Indonesian army was carrying out large-scale sweeps in the Lautem region, in the east of the territory. It is estimated, horrifyingly, that since the invasion more than 100,000 people have died, either directly as a result of military operations or from consequent famine and disease, out of a population of only about 670,000.

Two documents seem particularly damning for the Indonesian authorities. One is a report sent to President Suharto in June last year by the "Regional People's Representative Assembly" appointed by the Indonesians themselves. This report, while expressing undying gratitude for the incorporation of East Timor into Indonesia, suggests that that objective is being jeopardized by the

Maternity Alliance

behaviour of Indonesian troops and officials which "can only be described as being the behaviour of conquerors towards a conquered people". It cites instances of murder, torture, and other forms of violence and abuse. The other document is a letter from the leader of the Roman Catholic Church in East Timor to the Chairman of Australian Catholic Relief, sent last November, which refers to expected famine and to the killing of many Timorese people, including children and pregnant women, by Indonesian forces in the military operation of July, August and September 1981.

If this was the situation after six years it is no longer tenable to argue that the Indonesian fait accompli has to be accepted in the interests of peace and stability. Indonesia has obviously not won over the hearts and minds of the East Timorese, and her very unwillingness to allow independent observers access to the territory corroborates that. A solution based on negotiations and the free choice of the inhabitants is urgently needed and the international community — particularly those countries which have close economic and military ties with Indonesia, including Britain — should make a much more serious effort to achieve one.

TV channels by satellite

From Lord Aylestone

Sir, It took over 20 years of debate before Parliament decided to authorize a fourth television channel in this country. Recent reports in your columns and elsewhere indicate that decisions are about to be taken which would, without any public debate, give the use of two new national television channels on a British direct broadcasting satellite to

The potential importance to British industry of an early involvement in this new area of space technology is recognized as immense. The question of how the broadcast channels on such a satellite should be allocated is, however, one which, I suggest, requires further public debate, together with the question of the most appropriate system of public control of programme standards.

The BBC is on record as saying that it would like to operate two satellite channels: one for a service of repeats and the other for a subscription service. The latter is a form of financing for broadcasting so far untried in this country. It would involve a degree of risk which the BBC, in its present circumstances and given its overriding responsibility to the licence-payer, would not seem best placed to meet.

Moreover, even the corporation's best friends sometimes believe that the organization is quite large enough for its own good and for the interests of the public. The potential role of independent television companies with their immense experience of self-financing public-service broadcasting ought certainly to be explored and debated.

Decisions taken now will affect the shape of broadcasting well into the nineties, when viewers will have considerably wider choices not only of broadcast services but also cable services and video cassettes and discs. These decisions ought not to be taken lightly or without a great deal of discussion.

Yours faithfully,

AYLESTONE,

House of Lords,

February 22.

Voting intentions

From Dr D. J. C. Laming

Sir, It is a matter of surprise that so experienced an observer as Geoffrey Smith, in an otherwise perceptive article on coalition (February 20), can misjudge the nature of the electorate's wishes. When he says "the electorate has favoured single-party administrations with secure parliamentary majorities" he treats us, the poor British voters, as some sort of collective intelligence that decides to elect a specific type of administration. Does he not realize that we do not go into a huddle before polling day, but that the outcome of a general election is the result of our individual choices, taken in secret?

Most electors, when they vote, think they are choosing an MP and a government; and it is the balance of the millions of such choices that goes towards deciding what our government shall be. Ten million vote one way, nine million another, five million a third — where in all that is the electorate's choice of a single strong government? Interpreted literally, such a vote means coalition, nothing more nor less; though no voter has voted for it, or indeed is able to. It is the electoral system that hitherto distorted the voters' choices into "strong" single-party governments.

Those of us who support proportional representation in one form or another do so not to gain parity of seats to vote, but to put political power back into Parliament, where it belongs, instead of in the pressure groups. The electoral roulette game has served us ill for the past three decades and we want an end to it.

D. J. C. LAMING,

Treehouse,

Crabb Lane,

Ashington,

Exeter,

Devon,

February 20.

The captains' table

From Mr T. C. F. Pratiss

Sir, I learn from your columns today (February 17) that Norman Featherstone (Zimbabwe/Rhodesia) will not be captaining the Glamorgan cricket team this season and his place may be taken by Javed Miandad (Pakistan).

Worcestershire are being captained by Turner (New Zealand), Nottinghamshire by Rice (South Africa), Gloucestershire (up to last season) by Procter (Zimbabwe/Rhodesia), Kent by Asif (Pakistan), Leicestershire by Davison (Zimbabwe/Rhodesia), Lancashire by Lloyd (West Indies). I suggest that this is a ludicrous situation, with nearly half the English first-class counties captained by men who are not qualified to play for England.

Cricketers from overseas add lustre to the first-class cricket field in this country, but it should be axiomatic that only cricketers qualified to play for England should captain county sides and be given the experience needed to make them candidates to captain England. This is neither racism nor chauvinism, but strict common sense.

Yours faithfully,

TERENCE PRATTIE,

9 Bitchfield Street, W8,

February 17.

Mr Shirley Williams is the SDP MP for Crosby, not Warrington, as stated yesterday.

LETTERS TO THE EDITOR

Preserving single Community market

From Mr Richard Cottrell, MEP for Bristol (Conservative)

Sir, The European Community is alarmed at every level at the threat to its survival posed by the retreat into nationalism and protectionism among the member states. The proposed "walling off" of the French internal market is notable. But I am convinced that the thrust of the attack will be weakened by the steps we ourselves have taken along the path of protectionism.

These issues lead across to the much wider problem of restrictions on trade between the European Community as a whole and the United States. A trade war looms. The import restrictions which we have created with regard to American poultry are clearly not the substance of the dispute but, given the traditional power of the farming lobby in Washington, it would be foolish to deny that they have played a part in sowing the atmosphere between the Community and the United States.

But, as a nation, we are hardly free of guilt in this increasingly serious situation. We are also victims of our own brand of double-think. Not so very long ago we had a glorious fight to British lamb to the French consumer. It was a campaign that I and my colleagues in the European Parliament supported wholeheartedly. Yet if we equally defend — and some of us do — the right of the French to sell their apples, turkeys, eggs, poultry and milk in the United Kingdom on the same principles of free trade, then we are liable to be accused of deserting the national interest.

Whose national interest? The future of the United Kingdom cannot depend upon sheltering behind tariff or import barriers of any kind. One barrier invites another. That is why the Labour Party are so disastrously wrong in their own attitudes to the Community. Yet I become increasingly alarmed at the vigour with which import barriers of one kind or another are either erected or maintained in order to defend a vested interest within the United Kingdom.

Continental imports and supplies of poultry and eggs from most EEC countries (together with the USA) are currently excluded from Britain with the aid of health controls which are at best specious. There are few obstacles to confirm that French people die from drinking their own milk but these controls do protect, on the one hand, a dairy industry which is dangerously monopolistic, and, on the other, a poultry industry which already enjoys virtual dominance of its own domestic market but became petrified at the prospect of genuine consumer competition.

A determination to protect what the President of the Commission, Mr Thorn, described in Strasbourg last week as the Community's most priceless asset — the single market — would be a mark of our firm intention to see this Community survive and prosper in a world which increasingly allows of little comfort elsewhere.

Yours, etc.
RICHARD COTTRELL,
Bristol Conservative Association,
5 Westfield Park,
Redland,
Bristol.

February 19.

A matter of form

From Mr C. J. Hancock

Sir, Forgive my cynicism, but as a postwar recruit to the Treasury's O and M Division I recall two best sellers from the late forties, the *Design of Forms* and the *Control of Forms*, which contained all the wisdom now rehashed in Lady Young's *White Paper* (report, February 18). We must look deeper therefore to discover why the bureaucratic jungle is denser now than when "scientific management" was first applied. I offer two suggestions.

1. Don't expect more management from top civil servants, think they are choosing an MP and a government; and it is the balance of the millions of such choices that goes towards deciding what our government shall be. Ten million vote one way, nine million another, five million a third — where in all that is the electorate's choice of a single strong government? Interpreted literally, such a vote means coalition, nothing more nor less; though no voter has voted for it, or indeed is able to. It is the electoral system that hitherto distorted the voters' choices into "strong" single-party governments.

Those of us who support proportional representation in one form or another do so not to gain parity of seats to vote, but to put political power back into Parliament, where it belongs, instead of in the pressure groups. The electoral roulette game has served us ill for the past three decades and we want an end to it.

2. As Aslef have demonstrated productivity demands cooperation from the workforce. Junior civil servants are now strongly unionised, they are no longer brought up to serve in a vocational sense, and management must negotiate a deal with them. You cannot introduce new technology effectively, whether it be a streamlined form or an integrated micro-computer system, without staff participation

and support. There are more ways to sabotage a system than blowing it up!

What a pity the Government squandered millions on Pay Research Unit-backed pay settlements before it saw the light. It's a bit late now, but the only long-term answer is a bona-fide productivity deal, signed and sealed in such a way that even McCarthy could not undermine it.

Yours faithfully,
C. J. HANCOCK,
41 Rusper Road,
Hastings, Sussex.

February 18.

Fuel subsidies

From Mr Andrew Warren

Sir, Responding to understandable concern about the proposed further substantial increases in domestic gas and electricity prices, you report the Prime Minister today (February 19) as stating that her Government "is providing a larger amount of fuel subsidy than any previous Government". In fact, according to a written answer given earlier in the week, £250m per annum is spent to assist the lower paid with their heating bills.

The money, substantial in anyone's terms, is paid to subsidize energy consumption. In contrast, the Government have allowed just £50m this year to be spent on insulation schemes, the only fiscal incentive to save energy offered to domestic users.

Nobody denies fuel prices are so high that we need a cushion for those upon whom these costs bear disproportionately. But the allocation of this money to assist in reducing initial demand must be wrong. Here is surely a prima facie case for funding capital investment (in the form of conservation measures) in order to reduce current expenditure (in the form of fuel subsidies).

Subsidies to conservation lead to lasting benefits via more efficient equipment



COURT AND SOCIAL

COURT CIRCULAR

BUCKINGHAM PALACE

February 23: The Queen held an investiture at Buckingham Palace this morning.

The Right Hon Margaret Thatcher, MP (Prime Minister and First Lord of the Treasury) had an audience of Her Majesty this evening.

The Hon Elizabeth May Morris has succeeded Mrs John Dugdale as Lady in Waiting to the Queen.

CLARENCE HOUSE

February 23: Mrs E. W. Collings had the honour of being received by Queen Elizabeth The Queen Mother when Her Majesty, on behalf of The Queen, decorated her with the Royal Victorian Medal (Silver).

Queen Elizabeth The Queen Mother was present this evening at a Service of Thanksgiving at St Peter's Church, Walworth.

Lady Elizabeth Bassett and Sir Martin Cilia were in attendance.

Lady Elizabeth Bassett has succeeded Lady Angela Oswald as Lady in Waiting to Her Majesty.

KENSINGTON PALACE

February 23: The Duke of Gloucester this morning launched BP Oil Company "Young

Driver of the Year" Competition at BP House, Victoria, London. Later His Royal Highness was installed as Patron of The Worshipful Company of Pattenmakers and attended their Court Luncheon at Tallow Chandlers, Hall, London.

Lieutenant-Colonel Simon Bland was in attendance.

YORK HOUSE

ST JAMES'S PALACE

February 23: The Duke of Kent, Vice-Chairman of the British Overseas Trade Board, this afternoon opened a seminar on Francophone West Africa at Church House, Great Smith Street.

Lieutenant-Commander Richard Buckley, RN, was in attendance.

The Hon Neville and Mrs Berry very much regret that they were unable to attend the memorial service for Lady Hartwell owing to absence abroad.

Mr and the Hon Mrs William Macauley regret they were unable to attend the memorial service for Lady Hartwell yesterday owing to absence abroad.

A memorial service for Sir Ian Bolton will be held in Glasgow Cathedral today at 2.

Forthcoming marriages

Mr P. W. Burgess and Miss C. S. Hudson

The engagement is announced between Peter William, second son of Mr and Mrs Adam Burgess, Glencreggan, Glenbarry, Argyl, and Clodagh Ione Barbara, elder daughter of Mr and Mrs Nigel Hudson, of Rangoon, Burma.

Mr A. C. Campbell and Miss A. C. Burgess

The engagement is announced between Alastair Carnegie, son of Dr and Mrs Ian D. Campbell, 5 Succot Park, Edinburgh, and Agnes, daughter of Mr and Mrs Adam Burgess, Glencreggan, Glenbarry, Argyl.

Mr P. R. Birkett and Miss A. B. Brentnall

The engagement is announced between Peter Jonathan, elder son of Mr and Mrs P. R. Birkett, of Macclesfield, and Andrea, only daughter of Mr and Mrs Philip Brentnall, of Gerrards Cross.

Mr N. G. Blackwood and Miss A. J. Hickling

The engagement is announced between Nicholas, elder son of Mr and Mrs Arthur Blackwood, of Charlton, Sussex, and Angela, only daughter of Mr and Mrs Ronald Hickling, of Oxford, Surrey.

Mr R. G. P. Ellis and Miss S. J. V. Archer

The engagement is announced between Richard, only son of Mr and Mrs M. J. D. Archer, of Haslebury College, Herefordshire, and Sarah, elder daughter of Mr and Mrs J. D. Archer, of Guildford, Surrey, and Singapore.

Mr J. Foster and Miss S. Herbert

The engagement is announced between James, younger son of Mr Graham Foster, FRCOG, and Mrs Foster, of Kalietha, Cecil Road, Weston-Super-Mare, and Susan, only daughter of Mr and Mrs T. F. Herbert, of Mussel End Farm, Sandhurst, Gloucestershire.

Major J. P. Hargreaves and Miss P. A. Tiegey

The engagement is announced between Patrick Hargreaves, Grenadier Guards, elder son of Colonel and Mrs D. J. Hargreaves, and Sophie, daughter of Lieutenant-Colonel and Mrs M. J. W. Tiegey, of Greinton House, Greinton, Somerset.

Lord Mowbray and Stourton

The engagement is announced between Graham, elder son of Mr and Mrs John Mowbray, of Bryant Bottom, Great Missenden, and Philippa, elder daughter of Mr and Mrs Anthony Moss, of The Bury Farm, Cheshire.

Mr S. Mitchell and Miss J. G. Potterton

The engagement is announced between Stephen, younger son of Mr and Mrs Ralph Mitchell, of Liversedge, West Yorkshire, and Julia, daughter of Mr and Mrs Hugh Potterton, of St John's Church, Cheltenham, Gloucestershire.

Mr P. D. T. Powell and Miss N. J. Bruxer-Randall

The engagement is announced between Peter, David, Tom, only son of Mr and Mrs Philip Powell, of Tothill Farm, Romsey, Hampshire, and Nicholas Joy, youngest daughter of Major and Mrs Peter Bruxer-Randall of King's Barn, Lyndhurst, Hampshire.

Mr C. N. S. Snell and Miss S. J. Johnson

The engagement is announced between Christopher, younger son of Mr and Mrs C. S. Snell, of The Elms, Broxbourne, Hertfordshire, and Sophie, daughter of Mr and Mrs N. Johnson, of Much Birch, Hereford.

Luncheons

Pilgrims

The Pilgrims gave a luncheon yesterday at the Savoy Hotel in honour of Senator John Tower, Chairman of the United States Senate Services Committee. Lord Astor of Hever was in the chair and Viscount Trentham, Minister of State for Defence Procurement, also spoke. Among others present were:

The Earl of Avon, Sir Frederic Bennett, MP, Mr P. J. Butler, Lord Caccia, Mr J. C. Chalker, MP, Mr W. Channing, Lieutenant-Colonel C. C. Channing, MP, Mr Alan Clark, MP, Sir Frank Cooper, Mr Hugh Brown, Dr John Gilbert, MP, Mr Griffiths, MP, Mr Michael Grylls, MP, Sir Michael Heseltine, MP, Vice-Admiral Sir Louis Hally, the Bishop of Rochester, Mr Robert L. Simon, Mr Edward Storer and Sir Harry Tizard.

Institute of Taxation

Mr John G. Hartwell, President of the Institute of Taxation, was host at a luncheon held at Barber-Surgeons' Hall yesterday. The principal guest was Mr Leon Brittan, QC, Chief Secretary to the Treasury. Other guests included:

Col. G. J. Barnes, MP, Mr Alan Clark, MP, Sir Frank Cooper, Mr Hugh Brown, Dr John Gilbert, MP, Mr Griffiths, MP, Mr Michael Grylls, MP, Sir Michael Heseltine, MP, Vice-Admiral Sir Louis Hally, the Bishop of Rochester, Mr Robert L. Simon, Mr Edward Storer and Sir Harry Tizard.

Reception

Mayoress of Westminster

The Lord Mayor and Lady Mayoress of Westminster were host to a civic reception at City Hall yesterday evening at Cire Hall. The guests included the Chairman of the Greater London Council, the Bishop of London, the High Sheriff of Greater London, Members of the Diplomatic Corps, Members of Parliament, Lord Mayor and Aldermen of London boroughs, representatives of the Services, the church, education, the law, medicine, the public services, street associations and trade unions and members and chief officers of the city council.

Dinners

Engineering Employers' Federation

The Prime Minister was the principal guest at the biannual dinner of the Engineering Employers' Federation, which was held last night at the Dorchester hotel. Mr Anthony Hampton, president, was in the chair and proposed the toast to the guests to which the Prime Minister replied.

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Glaziers' Company

The Master of the Glaziers' Company, Mr Michael E. Snell, the Wardens, Mr J. L. Corkill and Mr P. S. London, and members of the livery, accompanied by their ladies, attended divine service yesterday at St Paul's Cathedral. The Dean of St Albans, honorary chaplain, officiated.

Latest appointments

Most recent

Mr Robin Gafford, under-secretary at the Ministry of Agriculture, Fisheries and Food, to be the Prime Minister's secretary for appointments from March 22, in succession to Mr Colin Peterson, who is promoted as an Under-Secretary to the Management and Personnel

Mr David Woodhall

assistant chief executive of Northamptonshire County Council, to be chief executive to the Commission for New Towns.

Mr William H. Spray

former headmaster of Leighton Park School, to be secretary of the Boarding Schools Association.

Kable College

The Wardens and fellows of Kable College have invited a number of old members and their families to a garden party to be held on Saturday, May 29, 1982 (Eight Week). Admission will be by numbered ticket only, and application should be made to the Bursar as soon as possible.

Inner Temple

Mr A. R. Barrowclough, QC, and Mr A. P. Graham-Dixon, QC, have been elected Masters of the Bench of the Inner Temple.

Moreover... Miles Kingston

In an effort to promote the wonderful world of British fiction (or, in publishing phraseology, to flog as many books as possible) Moreover Enterprises have got 14 top British authors together to boost the personal aspect of bookelling (or, as publishers say, to sign as many books as possible). Our team of skilled craftsmen will, in addition, be prepared to embrace any ordeal down to appearing in Sunday colour mag group photos, if it helps to maximize sales, and even entertain you in your own home.

Our team of glittering fictioneers is:

Dame Ivy Salter-Burnett, grand old lady of English letters and best-selling authoress of *The Edwardian Country Diary of No Too Hard to Read Wild Flowers*.

Hamish Naipaul, the little-known third member of the Flying Naipaul Brothers and winner of the Mc Ewan Export Prize for any Indian novel set in Scotland.

Kevin Amis, Martin Amis's

seven-year-old son, whose blistering *Disposable Fishooks* is not only an interesting knee-high portrait of his famous grandfather but also the first novel to be printed on two-ply soft paper in a pretty shade of peach.

Lorean Lee, whose attempt to

build up a memoir-manu-

script in the West

Country has been so suc-

cessful, though only with one

model.

Burgess and Maclean, thriller

writers. When Anthony and

Alastair first defected to the

Mediterranean there was

some grumbling among those

left behind, but the results

have more than justified

their decision.

Piers Paul Theroux, author

of the grim best-seller *Trapped*,

about the trainload of

passengers which crashes in

the snowy Andes and is

forced to stay there for three

weeks with nothing to read

but Neville Shute paperbacks.

Beryl Bainbridge, authoress

of the grim best-seller, *The*

Scrubble Factory Outing.

Kevin Amis, Martin Amis's

seven-year-old son, whose

blistering *Disposable*

Fishooks is not only an

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Focus on Portugal

Portugal's Coalition Government has to weather troubled times. But while the country's economic difficulties are fundamental, almost eight years after the "Revolution of the Carnations" it is the time-consuming, lumbering struggle of rival political factions which often dominates the national scene.

Senhor Francisco Pinto Balsemão, the middle of the road Social Democrat Prime Minister, has this month had to withstand a politically inspired 24-hour general strike called by the Communists and to face a motion of no confidence put down in Parliament by the Socialist opposition.

After the Communist-led General Confederation of Labour failed to paralyse the country, largely because workers in the rival pro-Socialist and Social Democratic TUC refused to join in, the Interior Minister chose to counter attack. The arrests after the February 12 general strike led, he claimed, to the discovery that the Communists were behind "concrete plans to subvert democratic institutions."

Of course the Communists denied any such thing, but the Government charged did come after Senhor Mário Soares, the Socialists' leader, had already charged that the rigidly pro-Moscow line Portuguese Communist Party was carrying out a Soviet plan to destabilise the entire Iberian peninsula.

Apology demanded and obtained

When Moscow's Ambassador in Lisbon replied, insulting Senhor Soares, the Government demanded, and obtained, an apology. It was a secret to no one in Lisbon that what lay behind all this Communist agitation was a determination to oppose tooth and nail reform of the 1976 Constitution.

The scenario is for the Constitution to be shorn of the Marxist Socialist excesses imposed by revolutionary fervour in those days by a democratic vote of Parliament, and for a solemn proclamation of the reforms on April 25, the eighth anniversary of the Armed Forces' Revolution.

The reforms, if they are agreed in Parliament by that date, are supposed to usher in a settled era of Portuguese politics with a

fully functioning western democracy of two main groupings alternating in power.

But today it is abundantly clear that the revolutionary experience and the loss of a 400-year-old empire have left consequences which simply cannot be legislated away as Senhor Sá Carneiro, the post-revolutionary Prime Minister, who died in an aircraft crash in December 1980, intended. Far too many problems of social coexistence and economic survival remain to be resolved.

No one can say where Senhor Sá Carneiro's "grand design" would have ended or, if he had lived, whether Portugal might not have experienced an outright restoration. His death undoubtedly left a void to be filled. All last year was spent adjusting to his disappearance, which also left President António Ramalho Eanes, Portugal's 47-year-old army general — turned statesman — virtually unchallengeable after his relection for a second five-year term within days of the Socialist Democratic Prime Minister's death.

Senhor Pinto Balsemão, his genuinely middle of the road successor, had throughout 1981 to struggle to assert his own authority as various "barons" within his own party and the right-wing Christian Democratic Party in the loose Democratic Alliance coalition each sought to manoeuvre to influence government policy or merely enhance their own sphere of personal power.

Last summer's political crisis, when Senhor Pinto Balsemão first stopped challenging his rivals and then was called back, could not really be definitive since all the elements of the coalition need each other to remain in power.

Unfortunately for the Prime Minister, what came afterwards was the prolonged economic crisis which still overshadows the national scene. Everyone from the IMF and the OECD to Senhor João Salgueiro, one of the three "superimministers" to emerge after the August reshuffle and put in charge of finance, planning and European integration, has told the Portuguese people in more or less diplomatic language that they are living beyond their means.

As 1982 ended Portugal

had a balance of payments deficit of \$2,000m, an even worse record of deficit than that of 1977, after three years of preceding years of revolutionary upheavals.

Senhor Sá Carneiro may have had a political grand design, but his Government failed to find any formulae or motivation to make the Portuguese people work harder and prosper. Petrol imports, coupled with the dollar's rise, high interest rates and the drought, bringing a 30 per cent drop in harvests, could all be blamed, and were. But Portugal, which since the Revolution has had to import annually 50 to 60 per cent of its food

requirements, ended last year with an official admission of 75 per cent of food imports.

No wonder that President Eanes, in his new year message, declared that the economic question will this year be "the crucial problem for Portugal whatever happens in politics."

The 1982 budget was presented by Senhor Salgueiro last November as designed for "national salvation," but the austerity measures, above all a wage ceiling set well below officially admitted inflation rates, have inevi-

tably made the going tough for Senhor Pinto Balsemão.

The Communists, who anyway promised his Government labour trouble right from the day his second Administration was approved by Parliament, began a series of ever-widening strikes, culminating in the 24-hour general strike.

By the Socialists, led by Senhor Mário Soares, also decided the time had come last month to launch a campaign offering themselves as an alternative government.

The social and economic troubles did not however,

launch his own political movement. Perhaps it was the only way, he judged, he could influence a Parliamentary commission quietly working away at secretly reducing the presidential powers under the Constitution which created Portugal's unique semi-presidential system.

The Prime Minister is the chief of the executive responsible to Parliament but one key provision of the 1976 Constitution gives the directly elected president the right to relieve the premier and for four years ago President Eanes sent Senhor Soares, Portugal's first Socialist Prime Minister, into opposition by using it.

Alarm for party politicians

President Eanes' threat, issued through a trusted spokesman, that if he lost those powers he would prowl around the constitutional reforms but then resign and form his own political movement, alarmed the party politicians deeply. But it was the clearly-aimed challenge to their future, through a realignment of political forces, which worried them most.

The semi-presidential system, enshrining a method of checks and balances, can be defended respectively enough, even if Portugal's strong-willed politicians are precisely those who find it most awkward to work. But for the Portuguese people there are advantages in a presidential arbiter, provided he intervenes only occasionally when the national interest demands, and lets the Government get on with the business of the day.

The December 1980 presidential election, in which Senhor Sá Carneiro campaigned so vehemently until the air crash killed him three days before polling, showed that the Portuguese do, indeed, favour the existing system, and then rejected the figurehead-type presidency Senhor Sá Carneiro's candidate offered them. After

President Eanes' initiative last month, a public opinion poll, published in the Lisbon Expresso, showed 45 per cent of those questioned supported him against only 21 per cent wanting to see any change in the presidential powers. Almost 28 per cent said they would even vote for him if he chose to

launch his own political movement.

The party politicians had little real excuse for being shocked. Early in December President Eanes, addressing those voices calling on him to form a presidential party, had bluntly warned the parties that if they went on showing little capacity to solve the nation's problems he might exercise his power to dissolve Parliament and call elections earlier than the constitutionally foreseen date, October, 1984.

The upshot of the debate which followed the presidential initiative was that the Socialists, whose support is vital to the Democratic Alliance Government to provide the two-thirds majority required for any constitutional reform, decided the President should keep his political power, though loss to the Government the right to nominate the service chiefs and the chairman of the Joint Chiefs of Staff.

The Revolutionary Council, the Armed Forces' watchdog, originally set up precisely in an effort to maintain revolutionary provisions in the Constitution, is however doomed. Repeatedly it has challenged the Sá Carneiro and Pinto Balsemão Governments head on, blocking legislation passed by parliamentary majorities.

Colonel Melo Antunes, one of the surviving figures of the revolutionary era and chairman of the Constitutional Committee of the Revolutionary Council, suggested in an interview with a French magazine last December that if the party politicians were bent on confrontation with a presidency whose powers they resented Portugal could find itself in a cul de sac. The only way out was fresh elections and a left-wing government based on an alliance of Socialists and Communists. He was answered frankly by Senhor Soares making clear that after the Portuguese Communist Party's defence of the Jaruzelski regime in Poland, such an idea was totally unrealistic.

With an increase of about 25 per cent in consumer prices last year and wage ceilings on top of a per capita level of national income half that of Greece, the mass of ordinary Portuguese people are experiencing hard times and no government can hope to be popular or keep its morale high.



A villager in the north-east. The tiny agricultural plots of northern Portugal underline the daunting tasks of modernization the country faces if it is to cope with entry to the EEC in 1984. Richard Wigg discusses the domestic political scene (left) and (below) analyses the new mood of realism about Community membership

Going to market... slowly

When a delegation from Portugal's Confederation of Industry (CIP) went on a fact-finding mission to the European Community headquarters last December M Etienne Davignon, vice president of the Brussels Commission, warned them: "Joining the EEC, is not like writing a letter to Father Christmas."

As the negotiations for Portugal's joining reach the detailed stage — the Pinto Balsemão Government wants to be carried through to conclusion by late this year or early 1983 with the accession date still targeted as January 1, 1984 — a belated realism is beginning to grow among businessmen, industrialists, importers, and some of the better-informed retailers and farmers.

This is the biggest change noticeable — Portugal first applied formally to join in 1977 — after years of generalized professions of support for accession without any detailed study or prior knowledge of the problems. The stage of effective preparation for entry however has still really to begin.

The problems facing Portugal's textile industry over integration well illustrate some of the new realism. There exist numerous small and medium-sized firms, 85 per cent of the industry, but they only produce some 30 per cent of the textiles and clothing. The Confederation of Industry, defending their interests as members, has been flatly urging the Government since last summer not to join the EEC if, as one director expressed it,

"the Common Market is unwilling to apply its own basic principle of a market without internal trading barriers to Portugal's chief export".

Even before acceding Portugal is experiencing the effects of one of those typical tough Brussels battles over the economic and political interests of existing member states. Britain and France are especially unwilling further to sacrifice their own textile industries to a more competitive newcomer in items like blouses, T-shirts, and trousers. The rhetoric has died away about helping one of the poorer nations of Southern Europe to integrate.

With the voluntary restraint agreement having run out on December 31, something to put in its place is being devised by the Ten. Senhor João Salgueiro, the Finance Minister who has charge of the EEC negotiations, knows that one sector, however influential, cannot be allowed to dictate the course of the entire negotiations. In Brussels last month he only warned the Ten, therefore, that Portugal could not accept quotas which would "seriously" limit its future textile exports.

The EEC last year agreed 275 million units of access to Portugal, 100 million as a grant and 150 million as soft loans, unwilling under the provision for aid to small and medium-sized Portuguese firms to modernize, that funds should go precisely to the textile

industry. It had, they maintained, to be aid to diversify into new areas, ideally in a future marriage of Portugal's relative low wage costs, and imports of new technology elsewhere. Meanwhile France and Italy used other EEC funds to modernize their own textile industries.

Agriculture is another vital sector where that pre-accession aid is foreseen. As joining comes slowly nearer, realism is beginning to concentrate not on the single problem of Portugal's future exports to the Community of tomato paste (as in the past) but on the immense problems of farm modernization, agricultural training and organization of markets. But little has happened because of the absence of projects from Portugal.

Today's realities are daunting

In theory, modern farming methods could with specific crops bring increases in productivity in Portugal of up to 200 to 300 per cent. Today's realities however are daunting: 300,000 out of Portugal's total of 300,000 farms have less than one hectare, 50 per cent of the farmers (average age 50) are functionally illiterate and an estimated 75 per cent have no idea of book-keeping. The farming sector accounts for only 18 per cent of the gross domestic product while employing 30 per cent of the national labour force. Agricultural production is still below what it was in the last year before the Revolution, almost six years have elapsed since the first democratically elected government took office after it.

In the face of massive food imports, never below 50 per cent of the nation's total requirements since 1974, the Government has just begun an incentive scheme to stimulate Portugal's farmers to grow more cereals, though this has run into criticism for concentrating on a mere volume increase when there exists an urgent need to improve quality.

In spite of promises by Senhor Sá Carneiro and Pinto Balsemão, Governments the consolidation of the farmers' minuscule farming units in northern Portugal has not been pushed ahead nor is there a vigorous cooperative movement in preparation for EEC entry.

How long then will Portugal's fragile economy still need to prepare for joining? One element in the Government's strategy of pushing ahead politically is admitted privately to be based on the judgment that entrepreneurs will be jolted into taking their own necessary

decisions after endlessly putting them off.

Following the example of Greece, Portuguese experts now argue that the country's agriculture risks buckling under a five-year transition period, and that Lisbon's negotiators must obtain from Brussels ten years, especially for the most vulnerable sectors like dairy and meat products. The danger to agriculture comes especially from Portugal's two big neighbours, France and Spain after joining, and one former Portuguese agriculture minister has seriously maintained his country would need as much as a 20 year transition period.

A major headache is that Portugal's chronic balance of payments deficit problem, already an immense "bottleneck" for the nation's economic growth, would become even worse if more costly cereals were imported from now on by the United States or Canada. Portugal here has a convenient interest with Britain over reforming the Community's budget and agricultural policy.

Many informed Portuguese now argue to the effect that a more flexible attitude is required of Brussels over a compensating resort by Portugal to the European regional development and social funds if an acceptable packer of prospects and burdens involved is ever to be reached.

For industry a five year general transition period is spoken of, but trade organizations always couple this with provisions about the use of safeguard clauses sectorially.

The Government has still to adopt a detailed position, industrialists say.

Portuguese businessmen are deeply worried about Spanish industrial competition after entry and about multinationals setting up new modern plant.

If you ask a Portuguese executive why more preparation has not gone forward over the past five years the most common reply is to blame the country's politicians, all from left to right, with stability and certainty still not in sight for investors.

In the new realism creeping in, it is also noticeable among those to be affected by the "bread and butter" problems like introducing value added tax and what happens to the country's long-standing system of prices fixed by the authorities on many essential goods and on profit margins.

There exists an alarming gap between what the professional organizations now know and their rank and file members throughout the country.

VINHO VERDE GROWS ON TREES.

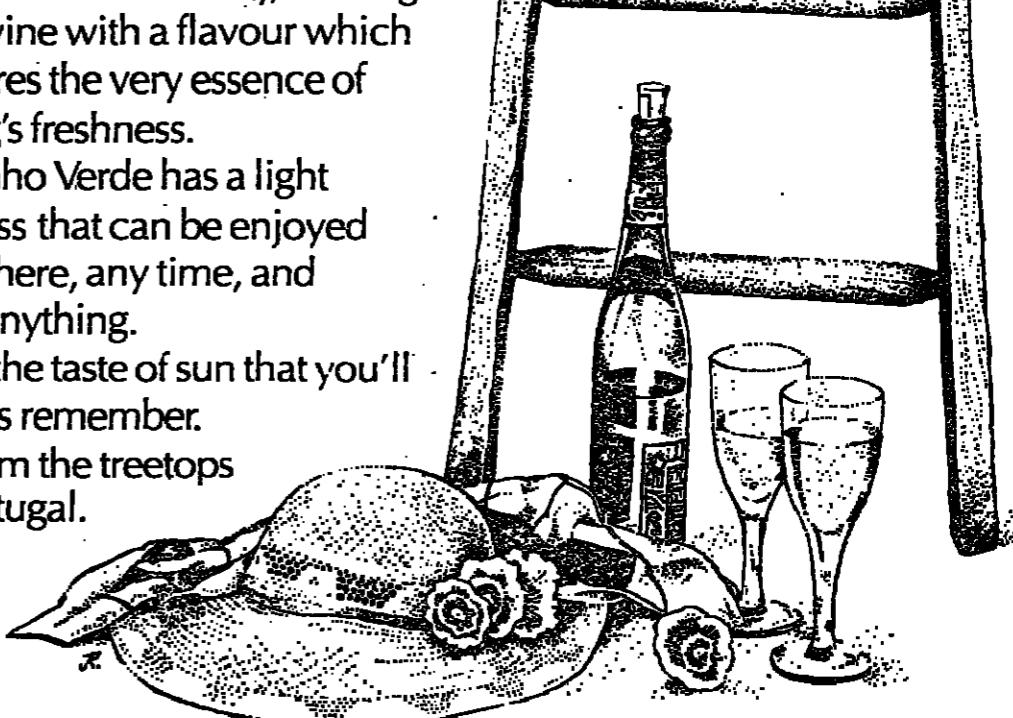
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PORTUGAL HOLIDAYS

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FOCUS

General

After a period of authoritarian rule which culminated in a military coup in 1974, two years of political turmoil followed until the country was rescued from chaos by General Antonio Ramalho Eanes. He handed over the Government to civilian politicians and in 1980 a right of centre government was formed by the Democratic Alliance, a coalition of Social Democrats, Centre Democratic and Popular Monarchist parties. Senhor Francisco Sa Carneiro was elected Prime Minister and the country appeared to be on a more stable course but Senhor Sa Carneiro was killed in an air crash in December 1980. A new government was formed with Senhor Francisco Pinto Balsemão as Prime Minister, who later appeared to be on a collision course with the re-elected President, General Eanes, over revision of the constitution. Senhor Pinto Balsemão's Democratic Alliance won 47.10 per cent of the votes in the 1980 general elections, and in the unlikely event of the Socialist party improving their opposition the present Government should remain in power until 1984.

The Government's main task now is to restructure the economy and to prepare Portugal's accession to the EEC, also planned for 1984.

Head of State



President of the Republic, General António Ramalho Eanes

The Government

Prime Minister, Senhor Francisco Pinto Balsemão
Assistant Prime Minister, Senhor Fernando do Amaral
Vice-Prime Minister and Defence, Senhor Diogo Freitas do Amaral

Exports to Britain

	1978	1979	1980			
	Tonnes	£'000	Tonnes	£'000	Tonnes	£'000
Livestock/meat	973	147	186	71	167	123
Vegetables	5,199	2,401	9,473	2,426	13,143	2,912
Fats and Oils	11	26	1,324	332	394	120
Sardines, anchovies and tomatoes	11,690	6,393	18,041	7,919	19,614	8,308
Port, madeira, etc	16,127	13,428	18,496	16,381	14,978	15,611
Mineral products	5,752	5,367	256,538	19,062	124,033	14,224
Chemicals	24,589	5,211	25,213	3,595	24,450	5,994
Plastics	1,000	1,000	2,000	3,196	2,197	3,076
Leather and hides	259	717	597	1,377	317	1,277
Wood/Cork	364,843	35,959	483,355	450,335	410,90	49,289
Paper and board	108,068	17,056	106,384	19,299	11,729	23,639
Textiles	43,086	118,708	49,056	157,938	37,406	145,770
Footwear	2,938	7,420	4,078	13,403	3,249	12,000
Ceramics	22,472	4,659	22,470	18,418	26,210	7,856
Jewellery/stones	0	389	0	580	0	480
Metal products	5,485	3,384	10,807	5,187	10,635	6,237
Electric machinery	2,797	21,204	2,742	19,487	2,974	6,387
Transport equipment	12,125	4,959	1,674	3,037	2,441	4,780
Electronics	346	2,555	522	2,822	459	2,904
Arms	2	15	0	4	2	7
Furniture	235	552	506	1,403	277	772
Arts	7	1,023	36	312	72	259
Mail orders	—	345	11	1,362	18	483
Other	—	2,324	—	1,624	—	7,351
Total	685,040	256,221	1,015,098	388,337	807,849	335,112

Imports from Britain

	1978	1979	1980			
	Tonnes	£'000	Tonnes	£'000	Tonnes	£'000
Livestock/meat	4,112	2,259	678	1,444	2,283	2,286
Animal products	16,948	2,700	15,118	2,400	35,118	5,638
Fats and oils	1,080	528	993	515	1,095	526
Sugar	3	1	26	13,760	3,428	3,428
Whisky	1,669	2,176	2,007	2,873	2,190	3,678
Mineral products	262,188	19,620	234,767	22,356	184,841	32,447
Wood/cork	583	168	215	194	666	273
Paper and pulp	2,236	2,253	2,597	2,862	7,519	4,507
Textiles	8,438	14,875	8,609	16,409	10,488	20,402
Footwear	22	82	8	47	51	212
Ceramics	3,093	3,097	4,728	2,645	3,732	5,741
Jewellery/stones	4	1,203	4	4,417	5	5,741
Metal products	81,794	22,157	48,089	24,280	69,452	26,782
Electric machinery	17,222	52,101	55,393	50,920	21,942	77,513
Transport equip.	52,921	89,104	52,208	96,625	51,144	104,233
Electronic etc.	471	5,874	516	6,492	626	8,511
Furniture	463	1,796	472	1,864	543	2,233
Arts	3	72	3	84	2	70
Mail orders	—	—	—	773	—	79
Other	—	22,829	—	22,859	—	25,771
Total	573,690	286,325	443,056	307,666	468,561	388,849

Trade Balance (\$US millions)

	1975	1976	1977	1978	1979	1980	1981*
Exports, fob	1,940	1,790	2,001	2,379	3,650	4,616	121,33 (Esc.bn)
Imports, fob	3,614	3,965	4,533	4,787	6,182	8,867	171,91 ..
balance	-1,674	-2,175	-2,532	-2,408	-2,632	-4,051	-50,57 ..

Sources: OECD and IMF *January-June.

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Price Indices

1978 1979 1980 1981*

Wholesale (1963=100) 524 602 638 —

Cost of living % 25.7 23.6 14.9 25

Source: BOLSA *estimate.

Population

'000

1975 9,570

1978 9,195

1979 9,324

1980 9,385

Unemployment

% of labour force

1978 8.2

1979 8.2

1980 7.8

Labour force - 1980

% change

Main sectors '000 from 1979

Agriculture 1,082 -4.8

Industry 1,071 2.1

Construction 372 13.8

Services 1,430 4.6

Main exports by products

Product

Per cent

Textiles 32

Wood - cork 16

Agricultural 15

Machinery 14

Other 23

Tourism

Arrivals, registered

1981 ** 6,392,314

1980 6,977,045

1979 5,287,352

1978 3,389,252

Bed nights

1981 ** total 5,584,000

Britain 983,000

W. Germany 492,000

Spain 280,000

France 220,000

1980 ** 14,095,000

1979 *** 13,197,000

1980 ***

Labour force - 1980

PORTUGAL

Economic situation and prospects

THE PORTUGUESE economic situation recorded a certain deterioration in 1981, reflected in a worsening of the external current account and in the virtual stagnation of output. This development was mainly due to adverse exogenous factors. Portugal had to face the international recession, the soaring of the dollar and of international interest rates on top of the worse drought of the past 50 years.

Industrial production was particularly hit by the external recession (Portuguese exports represent about 28% of GDP, and most of them come from the industrial sector). Agriculture and electric production were severely affected by the drought, with a direct impact on the trade balance. Large quantities of food had to be imported in order to compensate for falling domestic output, as well as additional fuel supplies to match the need for increased thermoelectric production called for by falling hydro-electric production. However, the most important cause for the external deterioration was the fall of exports, hit by international recession aggravated by increased protectionism, particularly against textiles.

The worsening of our external account led to a reordering of policy priorities. In fact, the control of inflation had been the top priority in 1980, in face of the dramatic improvement in the external accounts during 1978-79. The inflation rate was brought down from 24.2% in 1979 to 16.6% in 1980. In 1981, the external constraint recovered its weight, leading the Government to adopt a policy package which will hopefully improve the situation in the current year.

As far as monetary policy is concerned, the main decisions were to raise interest rates and legal reserve requirements and to enforce more strictly the rationing of credit. The rise in the reserve-deposits ratio (from 7% to 10%) aimed at mopping up part of the excess bank liquidity which led banks to exceed the credit ceilings. The latter are the key instrument of monetary control in Portugal since 1978. The rise in lending rates was combined with a tightening of credit policy, in order to reduce credit demand and thus moderate domestic demand. Finally, the increase in deposit rates was intended to encourage domestic savings and to adjust to the widespread increase in international interest rates.

Fiscal policy was also set in motion to contain public consumption in the second half of 1981, and the budget for 1982 was approved in time to allow it to become effective since the beginning of the fiscal year — which happens for the first time since 1977. The budget is clearly designed to reduce the public current deficit.

Wage guidelines are also bound to play an important role in 1982. The Government intends to undertake economic sanctions against firms that increase wages beyond pre-specified rates.

Energy prices were adjusted in December 1981, aiming at reducing consumption.

On the basis of the measures already undertaken or projected, the Plan for 1982 foresees an improvement in our economic performance. It assumes, of course, that the extremely adverse exogenous conditions of 1981 won't repeat themselves. Thus, the Plan forecasts a certain recovery of exports, which will benefit from the contribution of products from the new petrochemical complex of Sines. As for imports, a slight deceleration is expected, as a consequence of better crops and of presumable stock increases in 1981. Capital formation is expected to be again the most dynamic component of domestic demand, with a growth rate of 6%, close to the estimated figure for last year.

The Plan also adopts a longer run perspective, to be combined with the stabilizing policies. The following examples illustrate this point: the presentation of the National Energy Plan is envisaged; efforts towards diversification of external markets, which already produced some results in 1981, will be continued; the rapid conclusion of investments now underway in public firms and the implementation of small investments aimed at rapidly increasing output or at removing bottlenecks in the activity of firms will be pursued; a careful scrutiny of projects conducive to the expansion of investment, particularly in the exporting sector, and to modernization of agriculture, will be the basis for granting preferential credit.

Nevertheless, the solution for our short term and long term economic problems, depends, to a larger extent than in more developed countries, on the international environment. The signs of a recovery in the world economy, however slight, put a note of optimism in the Portuguese economic outlook for 1982. Portugal is also counting on the contribution of foreign direct investment for the modernization of the economy; Portugal stands up as an attractive and safe place for that purpose. However, the reduction of protectionism is a vital element in the strategy for economic recovery, and a claim we have to keep in the conversations we are holding with our trade partners of the European Economic Community.

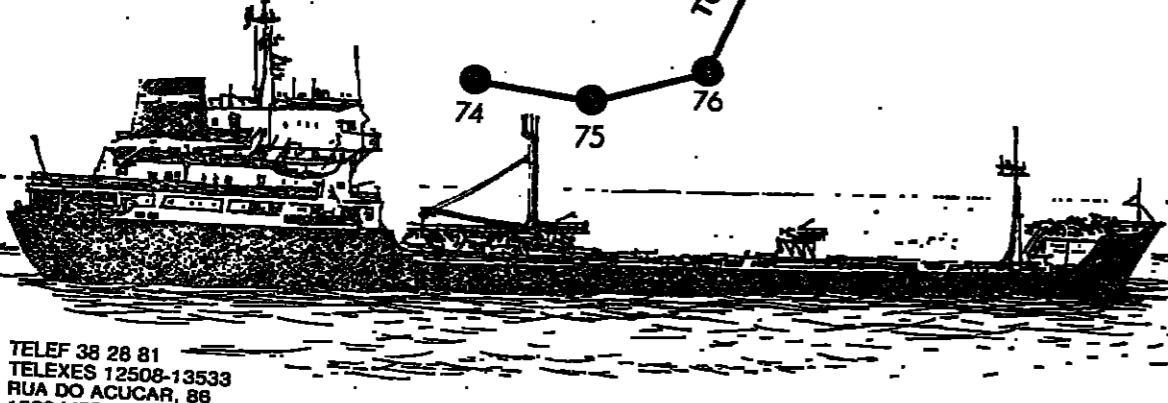
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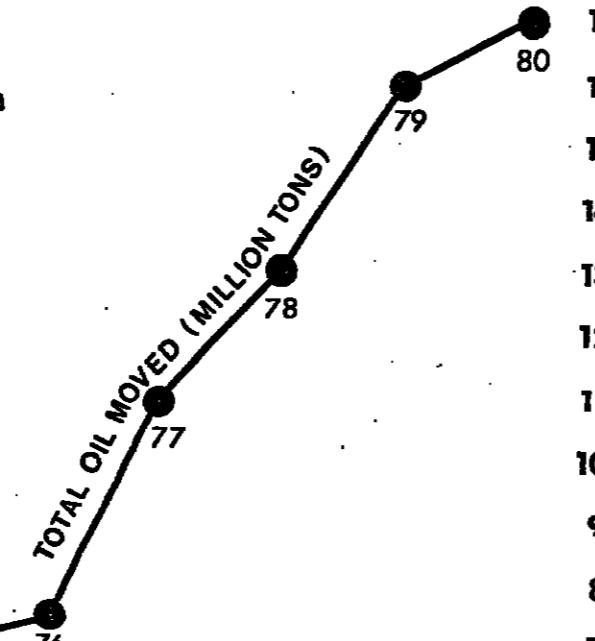
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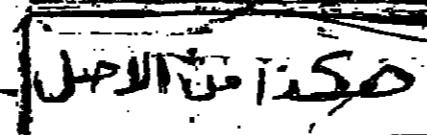
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PORTUGAL

DEFENCE

Iberian joint command versus history

The Portuguese Government has publicly promised it will do everything in its power too see that Spain's application to join the North Atlantic Treaty Organization this year is quickly ratified by Parliament. But it remains deeply preoccupied about the effects for Portugal's national interests of the integration of its more powerful Iberian partner into the Western defence alliance.

Negotiations over the delineation of the existing Nato commands to take care of Spain's future role have yet to start in Brussels but they will have to take extreme care of Portuguese historic sensitivities. The Portuguese do not want a single soldier, sailor, or even an airman of theirs under any Spanish commanders. This remains the cornerstone to Nato's Brussels headquarters, after a series of attempts by the United States and Spain to give Lisbon guarantees and assurances through diplomatic channels.

The Nato issue has been complicated by suspicion between Madrid and Lisbon over the Portuguese Government's latest campaign, started with the Prime Minister's visit to Brussels last month, to join the European Community by January 1 1984, regardless of what happens about Spanish entry.

The poor personal relations between the two countries' Prime Ministers, Senhor Francisco Pinto Balsemão and Senhor Leopoldo Calvo Sotelo, in spite of two carefully-arranged meetings within a few months, do not help.

Within days of the Spanish Cabinet deciding to seek Parliamentary approval last autumn to apply to join Nato, Professor Freitas do Amaral, Portugal's Defence Minister, rejected the speculation which had surfaced in Madrid of a unified Iberian land commander under Spanish commanders. He spoke of "safeguarding Portugal's national independence."

Senhor Mário Soares, the Opposition leader and former Socialist Prime Minister, subsequently took an equally firm line over a land command, referring identically to respecting Portugal's independence.

The Defence Minister argued that Portugal's essential role under Nato lay in the Atlantic, whereas Spain's was towards the Mediterranean and Central Europe. He proposed creating for the peninsula two completely distinct geographic zones.

But in fact Portugal has to accept that Spain has an Atlantic role as well, based on the Canary Islands, even if Lisbon tries simply to ignore Spain's naval stations at El Ferrol and Cadiz.

While a joint air command would make obvious defence sense to Nato, and could perhaps be a long-term goal, the pressing issues are the present Iberian command, based on Oeiras, just outside Lisbon, and responsible to Norfolk, Virginia, and the probable creation of a Spanish and Angola. President Eanes, accompanied by Senhor André Gonçalves Pereira, the Foreign Minister, paid a state visit to Maputo (formerly Lourenço Marques) in November, an act of reconciliation with the Frelimo regime six years after independence as significant as

at Iberian. But this Atlantic command does not at present include Portugal's Azores, where the Americans have one of their vital defence staging posts, the Lajes base. Its significance has grown of recent years and the United States Navy is about to expand facilities there considerably.

In Portuguese eyes it would be politically impossible for Nato to accord Spain a major defence role in the alliance from the Canaries to the Balearics without including the Azores in the Iberian command.

As Spain draws politically closer to Nato, as in the Nato countries' top-level consultations over Poland at the European Security Review conference in Madrid earlier this month, every step is being taken to patch up the Portuguese. Mr Alexander Haig, the United States Secretary of State, had, after attending the Madrid conference, a meeting in Lisbon to enable the Portuguese to repeat demands for guarantees on their Nato role in exchange for continued bilateral use of important defence facilities.

Portugal's other important contribution to Western interests, combatting Communism, penetration, lies through its links with Africa, especially in two major former colonies, Mozambique and Angola. President Eanes, accompanied by Senhor André Gonçalves Pereira, the Foreign Minister, paid a state visit to Maputo (formerly Lourenço Marques) in November, an act of reconciliation with the Frelimo regime six years after independence as significant as

the one paid on a similar errand by President Mitterrand to Algeria.

The Portuguese President got an enthusiastic popular welcome. He laid a wreath on the tomb of the revolutionary heroes and visited the Cabo Bassa hydro electric scheme, near Tete, begun before the 1974 revolution, never nationalized, and with 80 per cent of the capital still Portuguese. With him went representatives of about 30 Portuguese concerns who found an almost desperate desire for development assistance and for the return of skills withdrawn precipitately at independence.

Portugal's own weak economic performance means, however, that its trade is less important in the Portuguese-speaking former colonies than Brazil's.

The continued warring in Angola, with South African and Soviet-backed Cuban involvement, makes a similar Portuguese mediating role less easy. At his new year meeting in Lisbon with diplomats, President Eanes emphasized Portugal's view that Namibia must first achieve its independence before there can be peace in southern Africa. Portugal's inability to do anything about the wretched fate of East Timor, invaded by the Indonesian Army and incorporated subsequently, was emphasized by the revelations of last autumn, damaging the reputations in the historic decolonisation process of both politicians and soldiers. Officially Portugal still seeks self-determination for the people of East Timor.

Richard Wigg

TOURISM

Faithful return despite recession

For the Portuguese economy tourism becomes more important every year, and first figures available for 1981 show that the total of all visitors entering the country reached 7,277,000, an increase of more than 4 per cent. The number of those who stayed at least one night increased by 8.7 per cent and the total of "bed nights", as hotel occupancy is registered, reached nearly 29,500,000 — a 4.7 per cent increase.

In view of general world recession the Portuguese have good reason to be happy, for revenue from tourism accounts for between 5 per cent and 6 per cent of the gnp. The highest foreign currency revenue is from remittances by emigrants living abroad, which on average is more than twice the tourism total. Details of the latter are not yet published for last year, but in 1980 the Central Bank received a total of \$1,148m.

The tourist industry and its ancillary activities are estimated to give employment to between 200,000 and 250,000 people, but there is also further profit from tourist spending, for example in shops and restaurants.

Senhor Manuel da Rocha, director of planning and research at the Portuguese National Tourist Office in Lisbon, said: "We cannot calculate average spending by each nationality, but only learn from the bank the amount of currency which is exchanged."

To help their analysis the Tourist Office made a sample survey by handing short questionnaires every four days to visitors arriving at all customs points. Since last September they have also used a market research firm to interview tourists at borders and in hotels for their views on holidays in Portugal and how they spend their money.

The most valuable market is represented by the Spaniards. The total of those who entered Portugal in 1981 rose by 3.5 per cent to 5,200,000, but this figure includes many excursions.

"We get every kind of visitor, from the most modest family parties to the very rich who stay in our five-star hotels", said Senhor da Rocha. The total of the Spaniards who used hotels in 1981 reached more than 1,200,000, and was up over 11 per cent on 1980. But statistics giving particular pleasure to the Portuguese show that 548,000 British visitors entered the country in 1981, an increase of 13 per cent over 1980. Of these, 425,000 stayed in hotels, nearly 15 per cent more than in 1980. "Of course, your pound is very strong against our escudo, which is a great attraction to British visitors," says Senhor da Rocha.

The majority of Britons show first preference for the balmy climate with most going to the Algarve, which has the largest concentration of hotels, villas and apartments. Next preference is for Madeira, then the coastal resorts around Lisbon, with a small minority going to the northern Costa Verde.



Evora, in the Alentejo, has a fine pousada, one of the government-owned hotels and inns which are an attraction for travellers in Portugal.

The importance of the British market was emphasized by Senhor Mário Felix, public relations director of Air Portugal, the national airline. "From this Spring we shall operate a record number of 24 flights a week from Britain, and will inaugurate the first Oporto-Manchester route."

Britons who are faithful and regular visitors to the Algarve are often distressed about haphazard development, too many multi-storey apartment blocks, and the failure of public services, especially water supplies, sewerage and roads to keep pace with it. Senhor da Freitas, appeared very optimistic about a new government aid plan to deal with these problems, saying: "There are 70 projects on this subject on the books."

The director-general of the Portuguese National Tourist Office in Lisbon, Senhor Cristiano da Freitas, told me: "We feel very good about prospects and expect at least a 4 per cent increase in tourism this year, and our hoteliers on the whole seem happy." The Portuguese plan to tap new markets by opening an office soon in South Africa and possibly another in Japan. With a total of 160,000 hotel beds (including 11,000 in Madeira) their eventual target is a further 25,000 beds by 1986.

"Obviously we cannot, and do not wish to, compete with Spain. They have three million beds, or look to the cheaper end of the market."

After the British, West Germans are the next most important tourist nationality, numbering more than 300,000 last year, which showed a small increase. Obviously the Germans take their recession more seriously than the more impoverished Britons. Hoteliers often observe that they are normally less generous

spenders too, especially in the bar. The United States comes next in the league and their total of over 141,000 showed an increase of 4.6 per cent.

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beaches, they will offer wild boar hunting in the mountains of the north. One of the newest tour operators on the British market is Caravela, a subsidiary of Air Portugal whose first winter programme includes tours to the pousadas — government-owned hotels and inns, often in beautifully converted castles, palaces or monasteries and often far off the main tourist track. They start from as little as £115 including the flight, accommodation and car hire for three days, based in the north, to about £260 for 13 nights in the south.

In Madeira I talked to the retiring head of the local tourist board, Senhor José Ribeiro de Andrade. "We had a phenomenal rise in the number of British tourists in the last few years with a record increase of about 20 per cent in 1980, and we are rather sad that this dropped by 16 per cent last year." Analysing it, he said: "Apart from the obvious effects of your recession we think our image in Britain needs changing — many people expect to find Madeira full of retired colonels and elderly widows, which is not so, for of course many of our very old regular clients are dying off." So the Madeirans have launched a vigorous advertising campaign in Britain to extol more exciting holidays than the sunworshippers might expect with deep-sea fishing and mountaineering among the attractions.

I understand that the long-awaited extension to the runway at Madeira's airport is likely to be under way by the end of this year. This will take the wide-bodied jets which have been unable to land there.

Joyce Rackham

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TELEGRAMS RA

SOCIETY

Choppy going as revolution moves out of backwater

Portugal's political revolution of 1974 has been followed by a slowly evolving social revolution the effects of which are proving even more profound than the political ones.

Portugal had long drowsed in the social and economic backwaters of European development. Many of its rural areas had no electricity, running water, roads, or medical services. Workers were poorly paid and were denied the right to do anything about it by forming genuine trade unions. Women had few legal rights.

The vast majority of the population had no access to the vote to defend their interests. Censorship was strict in the news media and the arts. Social benefits were miserly. Only a few could afford an education. Millions of workers emigrated to northern Europe and Africa for jobs.

In today's changing Portugal rural isolation is diminishing. Television has let in the outside world. With more money in their pockets, farmers are more and more inclined to travel outside their villages. But, at the same time, this outlook has made the young people seek a better life outside their villages. They crowd into the big cities of Lisbon and Oporto looking for jobs, but jobs are scarce. Often they are forced to turn to petty crime or prostitution.

Workers' wages on the whole have risen by over 300 per cent in the past eight years. They are joined now in strong unions which, through strikes, have forced owners to meet their demands. New labour laws say they cannot be fired. Some workers are actually running factories they took over from owners. But in spite of their higher salaries, their buying power has diminished. A steady 25 per cent inflation has erased their benefits.

The rise of the dollar has nearly wrecked the economy. The cost of living has rocketed. One pound of beef costs five times its price in pre-revolutionary Portugal. Potatoes and other vegetables cost ten times what they did. There are sometimes shortages of staples like milk, making housewives stand in long queues to buy.

Constant strikes and other labour agitation has brought down production and frightened away potential investors,

which has contributed to unemployment.

Under Portugal's new constitution, women have equal rights. All professions, including that of judge, have been opened to them. They are to receive equal work.

Divorce has been made easy. In practical things have not really changed very much — especially in the countryside. Man still gets the best jobs and is master in the home. Wife beating is still a common phenomenon. Women — along with young people seeking their first jobs — have the greatest number of safe places they were a few years ago.

After the Revolution, masses of people flocked to get an education. The number of students rose from 200,000 to 1,200,000. The schools could not hold them all. For example, a secondary school in the working class suburb of Amadora near Lisbon was built for 1,200. It now has 20,000 enrolled. The students attend in shifts between seven in the morning and midnight. Text books are scarce, teachers are often absent and classes are held in halls, libraries and any other available space. Students spend their free periods in the street.

Discipline has broken down because of this and because of the authoritarian system. Schools are now run by commissions of students, teachers and administrators. "There are problems, but they are being overcome, it is an education in democracy", one teacher said.

For the first time in its history Lisbon University had had to institute a rigid selection policy because of the high number of applicants. New universities have been opened in the provinces and new schools are being built with money from the Council of Europe. It has been a problem, however, to get competent teachers to go into the hinterland. Standards have had to be lowered.

Housing is the greatest shortage. People have no money to build their own houses and the Government has none to build them for them. However, the Government is making an effort to solve the shortage. Small African villages have grown up around Lisbon.

According to statistics, Portugal is very poor, and unemployment is very high, but the figures are somewhat deceptive. There is an "underground economy" providing plenty of money for a stratum of the population.

— even in schools and country districts — has become a problem. The police also have had to contend with the rise in crime, largely related to the great number of weapons distributed during the Revolution or brought back from the African wars. Lisbon and its suburbs are no longer the safe places they were a few years ago.

Portugal's hospitals are old, ill-equipped and overcrowded. Until recently there were few medical facilities outside the cities. Portugal ranks with Greece and Turkey in health and infant mortality rates. Two new hospitals are due to be built in Lisbon by 1984, and many small ones have been built around the country, but they are standing empty because of a lack of doctors. Portugal has the same ratio of doctors in the population as the rest of Europe, but they do not want to leave Lisbon and Oporto.

Big untaxed incomes

Government doctors are very poorly paid, but some in private practice have fabulous incomes — mostly untaxed. The public health system is a shambles and is racked by corruption. For every two active workers there is one retired or an invalid. A government doctor could see the ratio everywhere else was six to one. These invalids collect from the Government and go on working. Recent regulations have been enacted to stop the abuses, but have brought strong protests from patients and from pharmaceutical companies which also benefit from present practices.

Another factor which has had a strong social impact was the return of nearly one million people from Portugal's former African territories. Besides the returning Portuguese there were people of many races and cultures, who have brought new life styles. There are Indian shops, new restaurants, hamburger houses, and many new small and medium-sized industries. Small African villages have grown up around Lisbon.

The lack of housing is causing social problems and causing more and more shanty towns to grow up around the cities. There is a

Martha de la Cal

WOMEN

The male-dominated bastions fall

President Ramalho Eanes of Portugal opens his speeches to the nation with the words: "Portuguese... Portuguese" — Men of Portugal, women of Portugal. He is aware of the increasing importance of Portuguese women in the life of their country and its public affairs. His wife, Dona Manuela, plays a prominent part in public life, not only in the obviously presidential charity activities, but in specific aid to her husband in his public duties.

It was calculated that in the last Portuguese general election in 1979 about 52 per cent of the votes came from women out of a total of about seven million voters. Yes, women are now an openly powerful influence in Portuguese life. They have stormed the professions. They wield considerable influence in politics, and have broken down the barriers of the male-dominated areas of public life. Senhora Maria de Lourdes Pintassiglo became Portugal's first woman prime minister and another barrier fell. In this century, among other outstanding professional pioneers has been the internationally famous bull fighter Conchita Cintron, who combined womanly strength with outstanding toughness in the arena. Later she became a happy wife and mother.

An important labour-overseeing organization here, the Commission for Equality in Labour and Employment, recently issued an explanatory pamphlet on the 1979 law of equality for women in the labour market. It is entitled "women's rights to equality in work and employment". The pamphlet emphasizes the September, 1979 law on equality in work between men and women, which was designed to protect women from discrimination in employment on the grounds of their sex and guaranteed them access to the law courts and protection from some of the worst cases of sex discrimination. The commission defines the areas of discrimination training, salaries, promotion, general working conditions and proper knowledge of their legal labour rights. It also defines as illegal any refusal to employ a woman before she is married or has children, or to dismiss her if she becomes pregnant. The only employment which she may rightfully be refused is, according to the commission, "that by which her genetic function as a woman may be affected".

The commission is formed of five government representatives, two of whom are chosen from the Ministry of Labour and two from the Women's Rights Commission, with three trade union representatives and three representing the employers.

There are 22 women members in Portugal's present Chamber of Deputies and shades of Dr Salazar, Senhora Lourdes Pintassiglo proved to be a lively and industrious figure as one of his later successors as prime minister. Of the women MPs eight belong to the governing Social Democratic Party of Prime Minister, Senhor Pinto Balsemão. The Communist Party also has eight women MPs, but the Socialists and Christian Democrats have only two women members.

The Portuguese National Assembly has a Parliamentary Commission on the Status of Women, but this is considered by feminists to be somewhat inactive. The same thing may be said from the feminist point of view of Portugal's county councils, for out of 305 only four of them have women presidents, and there are only six women judges in the country out of a total of 515.

In 1911 a widowed woman doctor, the head of her family, turned up at the polls and voted. Her claim was met by her only son, the head of the family, who voted and she was the head of the family. The law was then changed emphasizing that this applied only to the male sex. A woman head of the family still could not vote. In 1931, however, women with higher or secondary education were legally allowed to vote, while all males who were of voting age could do so. Last October the Portuguese Parliament passed the latest law against sex discrimination dealing with naturalization of children born both in or outside marriage.

All these improvements do not, of course, mean that the women of Portugal have total equality with men all over the land. The first battle has been won, however, and women's education has been improved in concept, fitting them for the wider role the modern woman must play.

The fighting team for women's rights today is basically the Commission for Equality in Work and Employment, and it provides the quiet and efficient spade work to uproot the traditional male outlook on women's role in the civilization of this century.

Jose Shercliff

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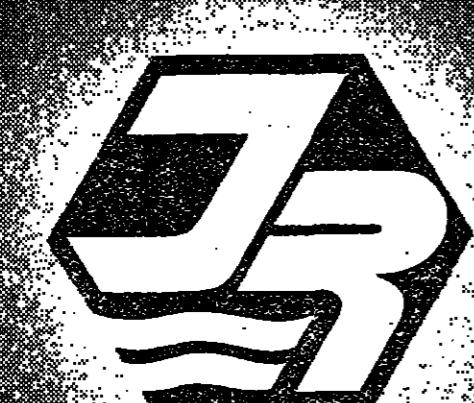
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Stock Exchange Prices

Wall Street hits equities

ACCOUNT DAYS: Dealings began, Feb 15. Dealings end, Feb 26; § Commodity Day, Mar 1. Settlement Day, Mar 2.

5 Forward bargains are permitted on two previous days

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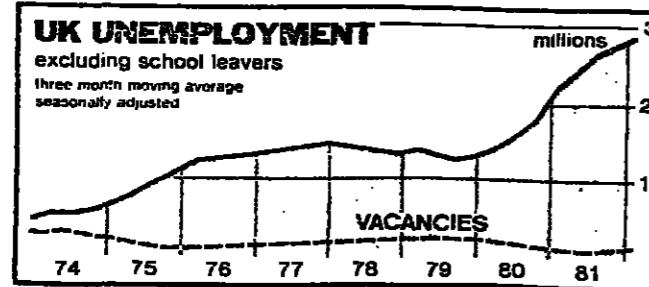
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BUSINESS NEWS

Underlying increase



The underlying level of unemployment went up by just over 7,000 in February, the smallest increase since November 1979. But job vacancies, usually regarded as the most sensitive indicator of the labour market, show no signs of picking up. Only about a third of all jobs available are notified to employment exchanges, but there are 10 people without work for every job available.

Third reading for Bill

The Lloyd's Bill to reform the London insurance market now has to have its third reading in the Commons after passing through the Report stage on Monday. Amendments to the so-called immunity clause were defeated.

Cast has 'more offers'

Mr Frank Marby, chief of the Cast shipping group, said that "further offers" have emerged for the assets the beleaguered shipping line is hoping to sell. Last Friday, he announced that "a number of serious approaches" had been received. US Lines and Thomas National Transport were among those reported to be considering a purchase. Yesterday Mr Marby said that it was "not only possible but likely" that the assets would be sold to more than one party.

Fight for ACC may go to trial

Arrangements agreed in the Appeal Court on Monday to bring finality to the legal battle in the takeover war for Lord Grade's old group, ACC, were put in jeopardy yesterday.

The three Appeal judges hearing the case, in which Gerald Ronson's Heron Corporation and other ACC shareholders have been seeking to block Mr Robert Holmes a'Court's £36m takeover of ACC, granted a short adjournment for both sides to reconsider their position.

Lord Justice Lawton said the "stark reality" was that the case might have to go to a full trial after all.

Shipping order

Shipyards on Humberside and Tyneside have beaten off strong competition to win orders for two 1,000-tonne anchor handling supply vessels from Zapata Offshore Services of Great Yarmouth. The contract is thought to be worth £7m.

MARKET SUMMARY

13 point slump surprise

LONDON EXCHANGE

FT Index 559.0 down 9.2
FT Gilts 66.80 down 0.34
FT all share 324.67 down
3.31
Bargains 21.567

The 13 point slump on Wall Street overnight came as an unwelcome surprise to the stock market after the previous day's gains, and both equities and gilts drifted lower, with the FT Index at the close down 9.2 at 559.0.

Falls in leading shares ranged from 2p to 8p with ICI shedding 4p to 33p, reflecting adverse comment ahead of Thursday's figures. But against the market trend Plessey put up 1p to 365p ahead of Thursday's third quarter figures.

Gilts had a quieter day with profit taking clipping 2% from long dates and 1% from medium. Shorts opened at the previous night's close but ended with losses of 1%.

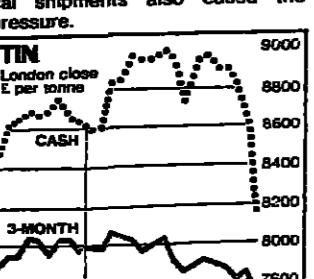
Electricals had GEC at 8270 and Thorn EMI 475p both shedding 10p.

The insurance sector was one of the few bright spots, stimulated by Commercial Union, up 12p at 144p after much better than expected profits but a 20 per cent earnings rise failed to help Natwest which slipped 7p to 473p.

Engineering group Dowty shed 1p to 116p after 1.5m shares in two lots were placed in the market at 115p, showing the underlying strength of the market. Elsewhere there were lines of

COMMODITIES

Cash tin prices dived by £440 a tonne yesterday to £3,165 as the buyer who has recently been so influential in the market suspended operations. Recent physical shipments also eased the pressure.



But a three-month price of £7,752, down £95, meant that the backwardation which has been a persistent feature of the market is still over £4,000 a tonne. Trading was characterized by heavy borrowing, one company borrowing 2,000 tonnes of metal.

TODAY

Board meetings: Half-yearly: BPM Holdings, British Assets, Crosshairs Trust, Elico Holdings, Harrisons Malaysian Estates, Johnson Matthey (9 months), Wedgwood (39 week figures). Finals: Carrington Virella, Child Health Research Investment, Hoover, Marchwiel, Moorside Trust, NCR, Rights and Issues Investment Trust.

Rolls seeks state aid for joint engine project

By Peter Hill,
Industrial Editor

Requests for a substantial injection of Government funds to support the development of a new aircraft engine are expected to be made within the next few months by Rolls-Royce, the state-owned aero-engine builder.

R-R is hopeful of reaching agreement by the end of next month with either Pratt and Whitney or General Electric, the principal American rivals, to participate in the joint venture which the British company has established with three large Japanese groups for the development of the RJ 500 engine.

This fuel-efficient engine, on which the existing partners have already spent £40m, is designed to power

Rolls-Royce, Motor and Turbines Union of West Germany and Fiat Aviazione of Italy engaged in collaborative development of RB-199 for Tornado multi-role combat aircraft.

Testing of the first of the

RJ 500 engines is now begun. The Japanese partners will begin testing their first engine in the next few weeks.

The size of the funds to be sought from the Government will turn on whether or not there is American involvement, and also on agreement of the partners which each of the partners will hold in the consortium.

Funds, if provided, will take the form of a 20 per cent stake. Another likely customer is America's Boeing, expected to launch a rival to the A 320.

It is Rolls-Royce's belief that multinational joint ventures are the only way in which the engine builders can surmount the enormous costs involved. A new civil engine development pro-

gramme is likely to cost about £1,100m.

Mr Ralph Robbins, R-R's commercial director, said of the talks with the two American companies yesterday: "Negotiations are continuing. The object is to achieve a situation where by the end of March, we have taken a decision to introduce a third partner".

He continued: "With new engine development costs of between £1,500m and £2,000m, it is getting beyond the resources of a single manufacturer to take on a new programme on its own".

R-R, in its long-term forecasts, hopes to secure 5,000 engines over the next 25 years for the RJ 500 series and its family of RB 211 designs.

Mr Norman Lamont, Minister for Industry, will later today be questioned by the Select Committee on Industry and Trade about the financing of R-R, which was taken into state ownership 11 years ago following its collapse.

After four years of losses and a £50m cash injection from the Government last year, the company is forecasting a profit next year. It has shed 6,000 jobs over the past 15 months and is planning a similar further reduction, mainly through voluntary redundancy, during 1982.

It is Rolls-Royce's belief that multinational joint ventures are the only way in which the engine builders can surmount the enormous costs involved. A new civil engine development pro-



Chairman Robin Leigh-Pemberton (seated with chief executive William Benson): Lower bad debts in 1981.

Another bank record as NatWest makes £494m

By Peter Wilson-Smith, Banking Correspondent

National Westminster became the second of the big clearing banks to report record profits for 1981. Yesterday it announced a £494m rise to profits of £494m before tax and a 20 per cent rise in shareholders' dividends to 36p gross.

Last week Lloyds Bank also announced best ever results, up by a third to £36m, and an even bigger rise in dividends. Although there has been no sign that the Government plans another windfall profits tax, the high profits being reported by the banks are likely to provoke controversy and may influence the outcome of the current round of pay talks.

Sources close to Aramco, the consortium of four American oil majors which lifts nearly all Saudi Arabian crude production, said yesterday that Saudi Arabian output cuts will almost certainly not be enough to defend the official Opec structure — based on a 534 barrel barrel margin — from being eroded.

Some companies would not be surprised to see the average price of crude oil fall from about \$33 a barrel now to \$28 or even to \$25 a barrel in the face of the present oil glut and persistent downward pressure on oil prices.

There was still no confirmation last night Opec would be holding an emergency meeting to discuss ways of stopping prices falling, despite pressure from several of the organization's 13 members.

Iran's decision to cut its oil price by another \$2 a barrel in breach of the official Opec price structure was however confirmed by one of its customers, the Italian State-backed oil corporation Agip.

Markets will be particularly keen to see how other European countries pursue their interest rates now that the EMS realignment is out of the way.

Government securities lost 75% of their £2.52 plus gains of Monday as profit-takers stepped in. Equities lost ground in sympathy with Wall Street, the FT index closing 9.2 lower at 559.

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BUSINESS NEWS/COMPANIES AND MARKET REPORTS

Rewards of aggression . . . attractions of property

The right medicine for CU

Commercial Union, the sick man of the composite insurers for so long, saw some colour return to its cheeks yesterday with a stronger than expected final quarter (Ronald Pallen writes).

Against market expectations pitched at least £10m lower, CU managed to contain the drop in pre-tax profits to 21 per cent at £81.7m. Coupled with a near 10 per cent rise in the dividend to 16.5p gross — albeit only 1.3 times covered on a normal tax charge — the shares jumped 11p to 143p, where the yield of just over 11 per cent is a good 3 points higher than the sector average. This cannot burn the board's ammunition should a predator ever decide to strike.

For shareholders, however, the key is whether the strong final quarter in the United States above all the other territories is a vindication that the aggressive American strategy is beginning to pay off. Pointing to the steadily declining expense ratio in the United States through the year and an improvement in the operating ratio to 104 per cent in the final quarter, CU evidently believes its transatlantic trials are over the worst.

BIDS AND DEALS

Thomas Tilling in its first major investment in West Germany, is extending its activities into the field of electronic money handling, control and measurement equipment with the purchase of the Ades Acker G.M.B.H. and its associated sales companies in Germany based in Bielefeld, Westphalia, for a cash consideration of DM33m.

For the year 1980, Ades' sales amounted to DM102m and profits before tax of DM10m were held to DM18m in 1981, the leading producer of its type of products in West Germany and provides market support through an extensive service and sales network. Exports, amounting to DM24m were sold throughout the world but principally in Europe with the United Kingdom as the largest market after West Germany.

Ades' manufacturing operations at Bielefeld have been extended to meet increasing

demand particularly for the group's more sophisticated lines.

Ades has been in the forefront

of the transition from electro-

mechanical to electronic tech-

nologies and the present manage-

ment team which has guided the

company through the change will

continue to operate and develop

its potential in other countries.

Mr Peter H. Ryan, a director of

the company, will be appointed chairman of the company. The acquisition provides a significant opportunity for Tilling to extend its international development in Europe and enter a high technology business with a strong market position in Germany and consider-

able potential in other countries.

Drayton Commercial Invest-

ment board proposes that existing

policy of overseas specialization

should be intensified by raising

overseas content of Trust's

portfolio to 100 per cent and by

investing 70 per cent of net assets

in Japan. It is also proposed to

change name of the trust to

BUSINESS NEWS/FOCUS AND COMMENT

PEOPLE

Girls cut a dash in overalls

There was an unlikely fashion show in Mayfair yesterday when Laurie Quick presented his Just Women collection. Quick comes from neither London, Paris or Rome but from Henley-on-Thames, where he is managing director of an industrial clothing hire group called Spring Grove Services.

So far, Quick has specialised in overalls for men. Yesterday, however, he was showing off not only overalls for women but skirts, dresses and tabards for the working girl albeit mostly in that boyish colour, blue.

But even Quick quailed at the idea of designing the clothes himself: for that he called in an all-girl team headed by his main supplier, Heather Ridgeway, managing director of Wesser Textiles in Tipton.

Quick says his market research shows women workers are more likely than men to welcome uniform, since it ironed out that daily problem of what to wear for work.

Hurry! Hurry! Brokers Savory Mills still have a few seats for clients who have nothing better to do on Budget day than attend their teach-in on insurance at the Barber Surgeon's Hall just off London Wall. Apart from ex-Royal Insurance partner Brian Cordrey, Savory will field Mark Weinberg of Hambs Life, Mike Brown of the Company Pensions Information Centre, and Tony Ratcliffe of East Star. The first speaker will be on his feet at 10am. Savory, started speculating in insurance before anyone else in 1918 and wants once again to be number 1.

Insurance man's double life



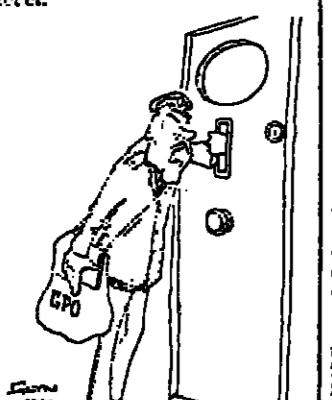
Clifford Bowen Jones

For someone who is paid to be both silent and eloquent, Clifford Bowen Jones is enjoying a most volatile success. A part-time professional actor and full-time insurance representative, he has just become the first Briton to win an International Quality Award for outstanding sales success from the American-based Life Insurance Marketing and Research Association.

With business worth about £8m, and not more than 3,000 clients, he has written more policies than anyone else in the 111-year history of the Confederation Life Insurance Company.

In his early 60s, CB has also played as surgeon, councillor and other upstanding citizens in television serials such as *Muck and Brass* and *Crossroads*. He says: "Appearance and manner count in both jobs..."

Hard-pressed managers no longer find the time to attend residential courses. But Henry, The Management College, as it describes itself, has come up with an answer. Using texts, video and audio cassettes, the college is launching a home study management training scheme to degree level.



"Believe me Mrs Wilson — I don't like the proposed gas prices either, but showing your final demand out again won't help anyone."

Peter Wainwright

NEW APPOINTMENTS

Mr S. H. Alford has been appointed chief executive of Gresham Life Assurance Society and AMEV Life Assurance with effect from April 1. He will succeed Mr J. S. Leighton who will relinquish his executive duties. Mr Leighton will remain on the boards of both companies.

Mr Roger T. Elmhurst has been appointed deputy managing director of Charterhouse Corporate Investments, which is responsible for the Charterhouse Group's wholly-owned investments.

American action could upset steel industry finances

Will Mr MacGregor come back for more money?

Mr Patrick Jenkin, Secretary of State for Industry, was rather less than bullish earlier this week when he was questioned about the Corporation's objective of the British Steel Corporation's objective of breaking even by the end of the 1982-83 financial year.

Conservative back-benchers are once again expressing anxiety about the corporation's ability to achieve the objectives set by its chairman, Mr Ian MacGregor (and on which his controversial transfer payment worth potentially £1.8m will be partially based). That is to say that Mr MacGregor will be knocking on Mr Jenkin's door asking for yet more money to keep the corporation going.

While Mr Jenkin and his back-bench colleagues may have reservations about BSC's ability to shake off its reputation for being the largest single recipient of state cash, there is a strong belief among the higher echelons of the corporation that the target can be attained.

What is worrying the back-benchers, and by inference Mr Jenkin (who is anxious to reduce the Department of Industry's disbursements to public sector corporations in order to concentrate more on priming the industries of the future) is that as so often in the past the corporation's estimated and forecasts will turn out to be wrong.

Mr MacGregor's guidance the BSC has made quite dramatic strides. The planning that was initiated by his predecessor, Sir Charles Villiers, as vitally necessary, has been carried through to a considerable degree.

The corporation's top heavy structure has been streamlined, management and men have been motivated to a degree which less than three years ago would have been thought impossible.

Productivity has risen dramatically — Llanwern is a shining example — to compare favourably with some of the best in Europe — and quality, delivery and confidence have improved out of all recognition. MacGregor was issued with a challenge. He accepted it and the results so far have been very encouraging.

All the improvements have been secured at a time of crisis for the steel industry in Europe. The continent has been replete with surplus steel and competition for

business has been cut-throat, leading to courageous price cutting, cover and sometimes even overtly encouraged through Government subsidies by virtually every EEC member state.

By any standards the performance of the BSC in transforming itself — albeit with massive transusions from the Exchequer, has been remarkable.

Throughout this critical period Mr MacGregor has said that it is his intention to maintain the present plant configuration and to stabilise capacity at around 14.4m tonnes.

The BSC chairman has continued to exude a cautious optimism that the targets will be met, that when he leaves the corporation — in its slimmed-down form aided by some privatisation — it will be in a much more robust state than when he joined. But being a canny Scot and a shrewd politician, he has been careful in his dealings with Whitehall to the extent that the target can be attained.

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over all eventualities, or at least most.

When he submitted his corporate plan for 1982-83 last December, he was careful to warn ministers that he would claim the right to modify the forecasts and objectives in the light of changed circumstances. For example that plan was submitted at a time when American steel companies were threatening to file anti-dumping suits against shipments of European steel to the American market.

It was also some weeks in advance of the onset of January's bad weather which cost the corporation about £100m in lost production and before the recent rail strikes.

Mr Jenkin pondered the report against the background of considerable uncertainty as to whether the

effect of the ITC decision to go ahead with its investigations coupled with the impact of the bad weather has Mr MacGregor and his cohorts carrying out

all the uncertainty over the future of the co-ordinated price movement in Europe which casts a particularly dark shadow over the BSC's hopes and aspirations.

On the basis of the assessments made so far, the corporation calculates that American curbs could affect about 20 per cent of its exports to the United States. That is worrying but not fatal.

The much bigger worry is that American curbs could shut out around 2 million tonnes of European steel which would be looking for a market. The fear is that European eyes would once more be directed across the Channel to British customers.

So where does that put the cartel's commitment to co-ordinate price increases under a regime of Commission-imposed quotas on

steel production? Informally, the members of Eurofer, which effectively form a producers' cartel, have agreed that it will be essential to maintain the club for at least two more years beyond the present expiry date this July. So far the pact does not however have the approval of the state-owned sector of the Italian steel industry.

At the present the Italians are withholding their support.

Other EEC steel producers

whose national governments

may for political reasons

decide that it may be

judicious to truncate Dumas' Three Musketeers pledge to a

more simple "all for one"

although the member govern-

ments are committed to a

phased programme of remov-

ing all steel industry state

aid and subventions.

There is edginess in the

steel market. There are

reports that price-cutting

is taking place with one large

European steelmaker alleged

to be offering a derivative of

wire rod at 20 per cent below

the official price.

The price regime remains

precariously balanced. If it

topples it will throw the

market into confusion and it

is the market which will

largely determine BSC's fur-

ther progress towards its

financial goals.

Peter Hill



Ian MacGregor: a canny Scot who keeps his options open

Business Editor

Critical days for tin market

Over the next three days we will see whether the steps taken by the authorities of the London Metal Exchange to avert a possible crisis on the tin market have been successful. Traders have been holding their breath at the mysterious buyer stays his hand and allows the cash price to sink. By all accounts, most traders who went short have been able to square their positions.

But for those still suffering from what the market

authorities have provided two escape routes. LME members have

promised to lend tin to those

needing to cover positions, and the indications are that one or two firms have made use of this opportunity. The other safety valve is the £120 premium.

For some shorts it may make sense to pay the premium. If the cash price continues to fall it might be cheaper to pay the premium for a few days and then buy the tin needed to cover themselves. Either way, the authorities appear confident that no embarrassing crashes are in the offing.

Nevertheless, the fundamental questions of who has been buying and why remain unresolved. Is one sense the LME's task has been made easier by the buyer's scrupulous adherence to the rules. But by the same token this has made it harder to flush out the identity or purpose of the operator. Assuming that the next few days pass relatively quietly, the market will still have to convince users that it is not dominated by a single powerful presence.

Wall Street

Looking sick

Share prices on Wall Street are looking decidedly sick, despite prime rate cuts and strong hints from Treasury Secretary Donald Regan that interest rates could

touch 13 or 14 per cent within the next two or three months. Why?

The first answer is that investors see themselves as cash-flow losers. The credibility gap between Wall Street and the White House over control of the federal budget deficit is wider than ever. And that means either interest rates will bound upwards again sooner or later, or, if the President is eventually forced into further public spending cuts or backtracking on his tax-cutting

policy, that the corporate sector will continue to feel the squeeze well into 1983.

There is in any case some doubt as to just how much encouragement it is prudent to take from a single week of better-than-expected money supply figures. In spite of the relief at last week's money numbers, markets remain to be convinced that the money supply will not start to gallop away during March.

Over and above this, money has been pouring into the alternative investment instruments of the moment — zero coupon bonds, in spite of the uncertainties over their tax treatment, and financial futures.

And for those looking for more conventional homes for their money Triple A bonds returning around 15 per cent must look a more attractive bet so long as there is still so much talk of share prices moving into a new bear phase.

NatWest

Provisions cut

A huge and unexpected improvement in bad debt provisions explains virtually all the rise in National Westminster's 1981 profits from £410m to £494m — a rise of a fifth compared with the one-third increase chalked up by Lloyd's last week.

The fall in bad debt provisions has happened at the parent bank — there was some increase in the international side, and among the subsidiaries — with the result that group provisions have tumbled from £120m to £42m. Naturally NatWest contemplates dismissing the suggestion that the windfall profits tax it massaged down profits last year by bumping up provisions and is now writing it back.

The explanation given is simply that there has been a bunching of recoveries of provisions made in earlier years and the corporate sector has been healthier than expected. The puzzling thing here is so different from that of Lloyd's whose bad debt provisions — admittedly influenced by trouble areas like Poland — rose by 26 per cent in 1981.

The contrasting trends can only lend weight to the view that the banks' approach to bad debt provisions is far from uniform and can make comparisons misleading.

When enthusiasm and hope are just the job

AT WORK: CAREERS COUNSELLING

By Adrienne Gleeson

Careers guidance in secondary schools used to be, in the words of Miss Marie Fair, newly appointed headmistress of Bradford's St Joseph's College, something of a Cinderella subject. But not any more. According to Miss Fair, deputy heads and even heads are getting involved in careers work.

But what is even the most high-powered of teams to say to the 16, 17 and 18-year-olds facing the hunt for a job knowing that at least three million other people, most of them older, are more experienced and better qualified, are doing likewise?

They are going to tell them to take a "strongly positive approach". This emerged quite clearly from a straw poll of careers teachers conducted last week.

Given that few youngsters of this age will be able to earn enough to leave home, their opportunities will inevitably be restricted to whatever is available locally.

What teachers are doing is encouraging them to decide what they want as easily as possible and then to pursue it with determination.

They are being encouraged to come back into the sixth form if they do not succeed first time round. There they will learn new skills, in preparation for their next

move. Most students in the sixth form are studying for A levels; the rest are taking up O levels or CSEs, or going for some form of vocational or semi-vocational training, such as the City & Guilds certificate in Community away during the course of the year, when they have found

those who left after completing the fifth year, about half are still unemployed.

There is a section in the syllabus at Matthew Murray covering subjects such as how to claim benefit, and how to use "work free" time.

Ducie High School, in Manchester's Moss Side, is a mixed comprehensive with about 500 pupils, who do one period a week on careers when they get into the fourth form.

Of last year's leavers, about 10 per cent have found work and another 60 per cent are in further education or Youth Opportunity Schemes. In an area like this where the principal employers are the local authority, construction industry, and city centre commerce, are cutting back, the principal problem for the careers teacher is not to educate the children on the choices available, but to convince them that there is any work at all.

Miss Margaret Ogivie, careers teacher, says: "We started an experiment recently in posing details of jobs, supplied by the careers service, on our notice board. At first the children kept coming up to me and asking whether they were real.

"A lot of them job is chivvying people along — getting them to write letters and fill in forms for further education, for example."

While they would advise on the qualifications required for a particular career, and might advise on the area in which it would be sensible to concentrate, none of these teachers was prepared to make, or even to take a significant part in making, career decisions themselves.

They acknowledge the technological revolution, notably in an emphasis on the value of mathematics as one of a "core" of essential subjects for the curriculum — but decline to speculate on its implications on the marketability of the children.

However unhelpful this appears in the short term, in the longer run it is probably a wise decision. For one thing technology will change; for another the concept of life time's career is vanishing.

Commercial Union

Assurance Company plc

The Board announces unaudited profits for 1981 of £68.6m (1980 £76.5m) after providing for taxation.

PREMIUM INCOME

	1981 Unaudited £m	1980 Published £m
	1,514.5	1,171.5
Investment income	201.9	151.4
Loan interest	(9.3)	(8.6)
	191.7	142.8
Life profits	17.3	15.2
Underwriting result (analysis below)	(131.9)	(57.3)
Associated companies' earnings	4.6	2.5
	81.7	103.2
PROFIT BEFORE TAXATION AND MINORITIES	81.7	103.2
Taxation and minorities	(13.7)	(26.7)
PROFIT ATTRIBUTABLE TO SHAREHOLDERS	68.0	76.5
	16.54p	18.61p
	£234m	£769m
	£m	£m
UNITED STATES	(25.6)	(31.8)
UNITED KINGDOM	(5.5)	(2.3)
NETHERLANDS	(7.7)	(3.0)
CANADA	(23.0)	(11.9)
REMAINDER	(16.1)	(8.3)
	(131.9)	(57.3)

During 1981, insurers have been faced with unusually difficult trading problems arising from generally depressed economic conditions, high interest rates and consequent severe competition throughout the world. Nevertheless, our policy of steady growth produced an underlying premium increase of 16% (1980 17%).

In the United States, premium income increased by 23%, substantially higher than the average for the industry. The statutory operating ratio was 108.1% (1980 104.7%), the claims ratio to earned premiums 73.5% (1980 70.7%) and the expense ratio to written premiums 34.6% (1980 34.0%). A satisfactory result in the last quarter, which produced an operating ratio of 104.0%, had the effect of improving both the claims ratio and the expense ratio for the year from the levels published for the 9 months to 30th September 1981. This improvement was evident in both personal lines and commercial lines and in the property and workers' compensation classes.

In the United Kingdom, premium growth was 12%. Although the motor account showed a satisfactory profit, adverse experience for commercial lines business, arising from inverse conditions and extreme weather conditions in the last quarter, produced an overall underwriting loss.

The underwriting loss continued to increase in the last quarter, but at a slower rate than for the first 9 months. The large motor portfolio traded profitably, but liability claims experience was worse than a year ago. Non-life premium growth was 2%.

In Canada, the underwriting experience was far worse than market expectations. Despite substantial premium rate increases during 1981, our underwriting loss deteriorated significantly. Premium growth was 1%.

The underwriting loss for Remainder reflected poor results in a number of territories in Western Europe although underwriting profits in the Far East increased. Marine and aviation business written on the London Market for the 1979 underwriting year was closed at the end of 1981 with a loss of £40m. The annual review of the provisions for earlier years has resulted in a release of £1.7m, producing an overall net loss of £23m.

Investment income, net of loan interest, increased by 34% on a published basis, with an underlying increase of 20% (1980 15%). This increase was due to continuing high interest rates, some changes in investment policy and the additional income arising from cash generated as a result of our premium growth.

Life profits improved satisfactorily and an underlying increase of 10% was achieved.

From the beginning of 1982, certain changes are to be made in the basis of presentation of life profits following the Insurance Companies Act 1981. This will release an estimated profit, after taxation, of £3.2m in 1982 as an exceptional item in addition to the normal life profits for that year. Full details of these changes will be given in the Report and Accounts for 1981.

Dividends

The Directors recommend for payment on 17th May 1982 a final dividend on the ordinary shares of the Company of 6.95p (1980 6.40p). This, together with the interim dividend of 4.83p (1980 4.00p) per share paid in November last, gives a total dividend of 11.78p (1980 10.40p) per share, which represents an increase of 9.3% on the dividends paid in respect of the year ended 31st December 1980. These dividends, including revaluation dividends for 1981, require £48.5m (1980 £44.4m). The balance of profit for 1981 amounting to £19.5m (1980 £32.1m) has been added to reserves. UK resident and certain foreign shareholders will be entitled to an imputation tax credit of 5.057p (1980 4.629p) per share at current rates of tax, making a gross dividend for the year of £16.55p (1980 15.425p) per share.

The Report and Accounts for 1981 will be posted to shareholders on 25th March 1982 and the Annual General Meeting will be held on 19th April 1982.

The results of the Company's operations have, as usual, been converted at the rates of exchange prevailing at the close of the periods reported. These were as follows:

1981 1980
\$ 1.91 \$ 2.39
Fls 4.72 Fls 5.10
\$ 2.25 \$ 2.85

Insure with
Commercial Union
Assurance

ERNEST JONES
Results for the year ended
26th September 1981

	1981 £'000	1980 £'000
TURNOVER (VAT inclusive)	10,991	9,971
TURNOVER (VAT exclusive)	9,584	8,637
PROFIT before TAXATION	1,105	1,455
PROFIT after TAXATION	736	1,234
EARNINGS per Share	7.3p	12.6p
DIVIDEND per Share (net)	3.9p	3.9p

Points from the Chairman's Statement:

Record turnover.

Four new branches opened.

Continuing programme of selective expansion.

Copies of the Report and Accounts may be obtained, on or after 2nd March, from the Secretary.

**ERNEST JONES
(Jewellers) plc.**

Shifra House, 17 Harewood Avenue, London NW1 6JD.

BUSINESS NEWS/COMPANIES AND MARKET REPORTS

WALL STREET

New York, Feb 23 — The market showed some strength in the final hour of trading but still closed mixed on the day.

The market had been weak for most of the day, but attempted to rally late in the session, perhaps aided by news that durable goods orders declined 1.5 per cent in January, which analysts said highlighted the weakness in the economy.

The Dow Jones Industrial average was up 1.72 at 812.98 but other broader indices were lower and declines led advances

four to three. Volume rose to 60 million shares.

Analysts said investors focused on the poor economic outlook, and tended to ignore interest rate developments.

The decline in prime rate to 16.4 percent from 17 per cent by major banks had little impact since the market is not convinced that interest rates will move lower.

Word that the White House was "willing to talk" about a budget compromise did little more than reinforce the market, which had already begun to change direction when the announcement was made.

Textile companies will be unsure of 1982 demand until after the Chancellor has announced his Budget on March 9. This was made clear yesterday by Mr. David

VANTONA

Waiting for the Budget

Textile companies will be unsure of 1982 demand until after the Chancellor has announced his Budget on March 9. This was made clear yesterday by Mr. David

Turner, the building and civil engineering group, is recovering from the disastrous trading period in 1980 when it lost heavily on a road project in the Sudan. Pre-tax profit for the year to the end of last October is up from £6.5m to £10.3m.

A final dividend of 4.2p, making 6.6p, as against 6p, has been announced. Mr.

Alfred McAlpine, the chairman, says that current orders in Britain are higher than a year ago.

"There is no improvement in trading conditions on last year," Mr. McAlpine said. The group has managed to increase profits for the year to last November 29 even though sales are down by 3 per cent, at £10.49m.

Vantona has pressed on with a programme of increasing productivity, improving communications and every other method to become more profitable in a very difficult market. In the first half, probably as a result of an unexpectedly deflationary Budget, sales were 6.7 per cent down. During the second half, returning optimism was checked by an increase of 4 per cent in base lending rates in September. Sales in the second half, therefore, were only 1.6 per cent up on last year², the company says.

Vantona's earnings per share are up from 16.2p to 23.9p.

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ROUND-UP

SHOW/JUMPING

Fletcher follows suit

Graham Fletcher has become the second top British amateur show jumper in a week to turn his back on the Olympics. The Yorkshireman, aged 31, has followed Nick Johnson to the professional ranks, contract with him, and signed a sub-contract with man-based audio company Any.

Jude for Britons, Montreal Olympics, kelson in the team the "impossible" game, in 1980, when it was boycotted.

GYMNASICS

What working down mines does for you

Wales has always produced first class male gymnasts, and enthusiasts in the Principality say that their superior muscular development is inherited from the male tradition of working down the mines. And it is a Welshman, Arthur Whitford, who has pride of place for British gymnasts in the Guinness Book of Records who won the British championship in 1930, 1931, 1932, 1933, and again in 1939. Happily he is still a keen spectator at the main events. A young man who is making the mark in the resurgence of this sport is 20-year-old Andrew Morris.

RUGBY LEAGUE

Vers' ticket to France

in Great Britain is Great Britain by last week's international in talks of Tonbridge club, making a man, the international utility back Rovers. yesterday's announcement of his interest in

speedy Jordan

Tears of joy for golden Braa

Arria, Feb 23.—The champion, who has won a Barbara Jordan, the first round of England women's was Miss Jagger's. She won the tournament, second behind her Lloyd, (US unless stated); by 1-0; C. Germany; A. Kiyomura, best 3; K. Lathan best 1; L. Allen best 1; 2-1; W. Turnbull (Aus-Neftado (Brazil) best 3; (Romania) best B 2-3.

TODAY'S FIXTURES

10 miles apart. **NATIONAL MATCH:** Spain v. Valencia. **INDIVIDUAL:** Berney, 1-0; City, 1-0; Castle United, 1-0; Wednesday.

DIVISION: Millwall v. London, 1-0; Division: Bradford City, 1-0; Torquay United, 1-0; 2-0; 3-0; 4-0; 5-0; 6-0; 7-0; 8-0; 9-0; 10-0; 11-0; 12-0; 13-0; 14-0; 15-0; 16-0; 17-0; 18-0; 19-0; 20-0; 21-0; 22-0; 23-0; 24-0; 25-0; 26-0; 27-0; 28-0; 29-0; 30-0; 31-0; 32-0; 33-0; 34-0; 35-0; 36-0; 37-0; 38-0; 39-0; 40-0; 41-0; 42-0; 43-0; 44-0; 45-0; 46-0; 47-0; 48-0; 49-0; 50-0; 51-0; 52-0; 53-0; 54-0; 55-0; 56-0; 57-0; 58-0; 59-0; 60-0; 61-0; 62-0; 63-0; 64-0; 65-0; 66-0; 67-0; 68-0; 69-0; 70-0; 71-0; 72-0; 73-0; 74-0; 75-0; 76-0; 77-0; 78-0; 79-0; 80-0; 81-0; 82-0; 83-0; 84-0; 85-0; 86-0; 87-0; 88-0; 89-0; 90-0; 91-0; 92-0; 93-0; 94-0; 95-0; 96-0; 97-0; 98-0; 99-0; 100-0; 101-0; 102-0; 103-0; 104-0; 105-0; 106-0; 107-0; 108-0; 109-0; 110-0; 111-0; 112-0; 113-0; 114-0; 115-0; 116-0; 117-0; 118-0; 119-0; 120-0; 121-0; 122-0; 123-0; 124-0; 125-0; 126-0; 127-0; 128-0; 129-0; 130-0; 131-0; 132-0; 133-0; 134-0; 135-0; 136-0; 137-0; 138-0; 139-0; 140-0; 141-0; 142-0; 143-0; 144-0; 145-0; 146-0; 147-0; 148-0; 149-0; 150-0; 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Today's television and radio programmes

Edited by Peter Dear

BBC 1

6.40 Open University: Going to Sea. 7.05 Species and Evolution. 7.30 Biology, Brain and Behaviour: Introduction. 7.55 Closedown. 9.05 For Schools: Colleges: Technical Studies: Heat treatment. 9.38 Science workshop. 10.00 You and Me. For the Young (not Schools) (r). 10.15 Everyday Music. 10.38 Home Economics: Fatigue. 11.00 Words and Pictures. 11.17 The Big Brain details. 12.05 French for beginners course. 12.30 News After Noon with Richard Whitmore and Moira Stuart. 12.57 Regional news (London and SE only). Financial report and news headlines with subsidies). 1.00 Pebble Mill at One. Among the guests is a young dancer in the musical scale. 18-year-old Dorothy. 1.30 Postman Pat. For the very young (r). 2.01 Fatigues. Colleges: Early Life. 2.18 Near and Far. 2.40 Merry-go-round. 3.05 Songs of Praise from Shifnal in the Severn Valley introduced by Geoffrey Wheeler (r). 3.40 Play It Safe! Safety hints for children. 3.53 Regional news (not London).

3.55 Play School. For the under fives (shown earlier on BBC 2). 4.20 Cartoon: Pixie and Dixie in Good Good Fairy (r). 4.25 Jackanory. Colin Jeavons with part three of Grimm Grange (r). 4.40 Take Hart. Tony Hart with a drawing programme for the young. 5.00 John Craven's Newsround. 5.05 Grandad starring Clive Dunn. 5.35 From the Engine. 5.40 News with Richard Baker. 6.00 South East at Six. 6.25 Nationwide presented by David Dimbleby and Sue Lawley. 6.50 Rolf Harris Cartoon Time. Two featuring Droopy and one each from Bugs Bunny and Tom and Jerry. 7.20 The British Rock and Pop Awards. The results of the nationwide polling introduced by Sue Cook and Dave Lee Travis. 8.10 Batley. The story of the rise and fall of Batley Variety Club narrated by Michael Parkinson. Among those singing its praises are Shirley Bassey, Lulu and Vera Lynn.

9.00 News with John Humphrys. 9.25 Film: The Yakuza (1974) starring Robert Mitchum. He plays Harry Klimber, a former private detective who is hastily called to Tokyo by a wealthy ship-owner whose daughter has been kidnapped by the Yakuza — the Japanese equivalent of the Mafia. Klimber is sited in his task by a renegade member of the organization, Tanaka Ken, and the two of them set about bringing the perpetrators to justice — a task that is both bloody and brutal. 11.13 News headlines. 11.15 Parkinson. International singing star Tony Bennett is a guest tonight. He will sing three songs and talk about his forthcoming eleven-concert tour of Britain which begins on Friday. Others appearing are ballet dancer Rudolph Nureyev and Miss Bluebell, the legendary foundress of the world famous Parisian dancing group. 12.10 Weather.



Max Wall: Minder (ITV 9.00pm)

• Roy Hudd's request programme for cinema buffs *MOVE MEMORIES* (TV, not Anglia, 12.30pm) begins a welcome second series today with the accent on those wonderful B feature westerns. The viewers have a delightfully catholic taste and we are treated to clips of their choice which include the magnificent Buck Jones in his 1941 film *Forbidden Trails* and an extremely young looking John Wayne in *Three Texas Sisters*, one of the forty he made before he achieved fame in *Stagecoach*. For those of us who love those old cowboy pictures Roy Hudd invites us to Member, the secretary of the B-Western Society to give us details of his Society. In the second half the indefatigable Diana Dors reminds us that she was not just a pretty face but an actress of some talent with an extract from the 1956 film *Yield to the Night*, in which she plays a condemned

prisoner. Marvellous entertainment but at an inaccessible hour for most of us. • Michael Parkinson is the narrator for *BATLEY* (BBC 1 8.10pm) a documentary about the legendary Batley Variety Club, once heralded as Britain's *Cesar's Palace*. It was opened in 1967 by Fairground and bingo operator, James Corrigan, and attracted top names in the entertainment world. For ten years it thrived, then began to falter and is now defunct. The programme traces the reasons for its decline. • *IT WAS BORN TRILLING* (4.45pm) is a documentary about the Victoria Park, Hackney, Adeline Patti. She began her career as a precocious seven-year-old singing one of the more difficult arias from Bellini's *Norma* and by

the time she was sixteen the Madam-bon singer had made her professional opera debut, appearing in the New York production of Lucia di Lammermoor. From this auspicious beginning she went from strength to strength, eventually becoming one of the most highly paid performers in opera. Her admirers were legion and included Verdi who, when asked to name his three favourite prima donnas replied 'Patti, Patti and Patti'. Her wealth grew as did her love of Britain and she settled in Weybridge where from there that she was persuaded to record her voice for the first time at the age of 62 and these priceless recordings can be heard in this dramatised biography by Peggy Trill. Angela Denes takes the part of Patti and the supporting cast includes Douglas Sheeney and David March with the narration by Nigel Anthony.

CHOICE

Queen's Bench Division

No power to delete rider under Act

Regina v HM Coroner for the County of London, Ex parte Rubenstein
Before Mr Justice Glidewell
Judgment delivered February 19

Where an application was brought under section 6 of the Coroners Act 1887 for leave of the Attorney General for an order to quash an inquisition and verdict given by a judge and jury, a judge of the High Court had no power to do so.

Mr Justice Glidewell in a reserved judgment, so far as an application by Dr David Isaac Rubenstein, for leave to quash the verdict and inquisition and rider upon the death of Stephen Langdale returned by the respondent Dr Harold Price, the coroner at Walthamstow Coroner's Court, on February 11, 1981. His Lordship had an order to quash the verdict and ordered that a new inquest with a new coroner be convened.

Mr Henry Brooke, QC, and Mr Timothy Waddington, for Dr Rubenstein: The coroner was not present or represented. Mr Fenster Bresler for Mrs Langdale.

MR JUSTICE GLIDEWELL said in the Queen's Bench Division that until November 13, 1980, Stephen Langdale had been in court. One day, after a lunch-time drink in a public house, he drove his car off the road and crashed into some railings. He was seen to stagger about and the police were called. At the police station he breath tested positively, and Dr Rubenstein, a police surgeon, was called to take a blood sample. That sample later showed 33 milligrams of alcohol per 100 millilitres of blood.

The day was concluded that Mr Langdale was drunk. He was put in a detention cell where he lay slumped. Six hours later, when the duty sergeant changed his condition if anything, was worse. It was clear that if it was drunk he had not been drinking up to some extent. Accordingly, Dr Rubenstein was called again, and on seeing him arranged for him to be sent to hospital.

Initially it was concluded that he was drunk, but after tests a lumbar puncture was made and disclosed that a subarachnoid haemorrhage had occurred. Despite all the hospital could do another subarachnoid haemorrhage occurred and he died.

The jury's verdict at the inquest was death by natural causes 'aggravated by neglect'. No one had suggested any neglect after his arrival at the

Unfair to impose tenancy variations

O'May and Others (practising as Ince & Co) v City of London Real Property Co Ltd

Before Lord Hallsham of St Marylebone, Lord Chancellor, Lord Kinnock, Lord Scarman and Lord Brandon of Oakbrook

(Speeches delivered February 18)

Variations in the terms of a current business tenancy, proposed by landlords when the tenants applied to the court for a new tenancy under the Landlord and Tenant Act 1954, and which had been given any warning that he might be blamed and so would be liable to an order to pay to be represented, contrary to the rules of natural justice; and that there had been no evidence on which a verdict 'aggravated by neglect' could properly be based.

Before a verdict of 'aggravated by neglect' could properly be left to the jury or returned by them, there must be some evidence of neglect. In the present case there was only the slimmest evidence that there was any neglect, and the evidence of that had only been given with hindsight so was unsafe to rely on.

The matter was clear when it came to variation. There was no evidence at all that what happened between the arrival at the police station and the arrival at the hospital in any way caused Mr Langdale's death.

Therefore the chain of evidence on which the verdict depended was incomplete. The jury were not entitled to bring a verdict of 'aggravated by neglect' and the coroner should not have left it to them, accordingly the verdict would be quashed on that ground.

However, in respect of the submission on rule 33 it was necessary to add that the rule necessary to amend a verdict could not be framed in a way that appeared to frame any question of civil or criminal liability.

The jury should not have been left to add the rider 'aggravated by neglect', and in those circumstances it would be more convenient to delete those words.

Where a case was brought under the general command, a rider could be deleted, deleting words, but where the application to quash was brought under section 6 of the 1887 Act, a High Court judge had no such power.

Accordingly, the inquisition would be quashed and a new coroner ordered.

Solicitors: Hempsalls; R. A.

1.00 The tenants, the Court of Appeal held in allowing the appeal in accordance with section 35 of the 1954 Act, that where the financial risks implicit in the maintenance of the structure of an office block were shifted to a short-term tenant with compensation in the form of a small reduction in rent, the tenants were not adequately compensated for the assumption of financial risks which were proper to be borne by the freeholder or the owner of a long-term of years.

Mr Ronald Bernstein, QC and Mr E. K. Williams, QC and Mr Jonathan Gurnett for the tenants.

THE LORD CHANCELLOR said that the origin of the dispute between the parties derived from the landlords' desire to convert the terms of the tenancy, which did not previously possess that characteristic, into what was known as a 'clear lease'.

The effect of that proposal would, on the evidence, be to enhance the value of the landlords' reversion by a sum between one and two million pounds, and, at the same time, to increase the market value of the property, would, the House of Lords held, be unfair to the short-term tenant and should not be sanctioned by the court when exercising its discretion under the Act.

The Lord Justice dismissed an appeal by the City of London Real Property Co Ltd, landlords of a modern office block at Bayford Street and Seething Lane, London, from the Court of Appeal (Lord Justice Scarman, Lord Justice Brightman) (*The Times*, Feb. 26, 1980; [1981] 2 B.C. 216) which had allowed an appeal by tenants from Mr Justice Goulding to the terms of a new business tenancy under part II of the Landlord and Tenant Act 1954.

The tenants, Mr Donald Robert O'May and others, were a firm of solicitors practising as Ince & Co. They held the fifth floor of 200 Finsbury Circus, together with parking space in the basement, under a five-year lease from March, 1972. In January, 1977, they applied for the grant of a new tenancy under the 1954 Act as amended.

The landlords did not oppose the grant of a new tenancy for three years, terminating on March 24, 1982, but a dispute arose as to the rent to be paid and the terms to be embodied in its operative covenants. The landlords had proposed to vary certain terms of the current lease.

The scheme of the draft was to place on the landlords the obligation to provide and to repair, to build and to maintain and decorate it (save for the demised premises), but also entitle them to recover, as additional service rent, a proportion of the money spent on services and external and internal repairs, plus a yearly sum, being an estimated provision for depreciation of lifts, boilers and other equipment.

The landlords proposed to the tenants for the burden of the additional liability, the landlords proposed a 50p reduction in the new rent per square foot of £10.50.

Mr Justice Goulding granted a new tenancy on the terms put forward by the landlords. On

appeal by the tenants, the Court of Appeal held in allowing the appeal in accordance with section 35 of the 1954 Act, that where the financial risks implicit in the maintenance of the structure of an office block were shifted to a short-term tenant with compensation in the form of a small reduction in rent, the tenants were not adequately compensated for the assumption of financial risks which were proper to be borne by the freeholder or the owner of a long-term of years.

THE LORD CHANCELLOR said that the effect of the 1954 Act was to limit the grounds on which the landlord could covenant to provide them.

Some of those items were readily calculable or could be made the subject of insurance. Some might fluctuate enormously, and the extent of fluctuation would not be ascertainable at the end of the lease.

Obviously it was to the landlord's advantage to transfer the financial risk of fluctuation to the tenant and, if the tenant agreed (and the evidence was that they did) there was no reason why he should not do so.

But the crucial question was, if the current lease did not so provide, by what possible reasoning should the court impose the burden on the tenant against his will, in view of his receiving a new tenancy?

If the inference from the authorities was that the language of section 35 required that the party (whether landlord or tenant) requiring a change must satisfy the conditions of departure from the current lease, a mere agreement about figures did not shift the burden in any way. The appeal should be dismissed.

Lord Wilberforce concurred in the result and Lord Scarman, Lord Brandon agreed.

Solicitors: Nabarro, Nathanson & Co; Ince & Co.

THE LORD CHANCELLOR believed that under section 35 the court must begin by considering the terms of the current tenancy, and that the change proposed must be fair and reasonable in respect of the parties.

(3) In deciding the terms of the new tenancy to which the court's discretion was otherwise not expressly fettered, the court must start by having regard to the terms of the current tenancy, which ex hypothesi must either be reasonable or unfair, and between the parties or themselfs the result of a previous determination by the court in earlier proceedings for renewal.

His Lordship believed that under section 35 the court must begin by considering the terms of the current tenancy, and that the change proposed must be fair and reasonable in respect of the parties.

(4) In determining the terms of the new tenancy, the court must take into account, among other things, the comparatively weak negotiating position of the sitting tenant requiring renewal, particularly in conditions of scarcity, and the new party's position.

(5) The court must take into account the fact that the new party's position is not necessarily the same as that of the old party, and that there may be a good reason for the new party to want to change the terms of the tenancy.

THE LORD CHANCELLOR said that the terms applied by the judge, and the Court of Appeal in this case, were not reasonable for the reasons given.

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